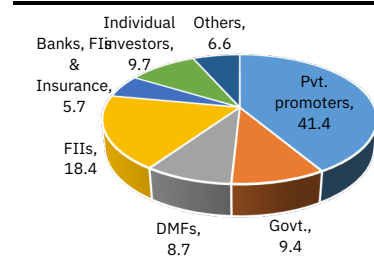


Who owns India Inc.? – FII share drops, DMF share hits fresh record high

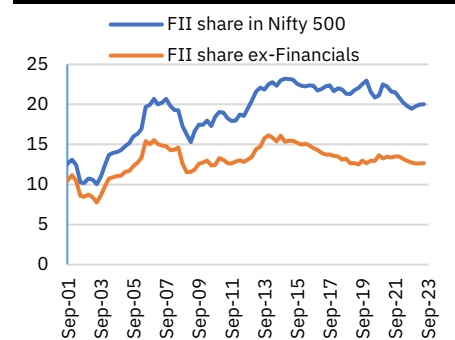
In this edition of our quarterly report “India Inc. Ownership Tracker”,¹ we extend our analysis of ownership trends and patterns in NSE companies to include the data available for the quarter ending September’23. We note: 1) A marginal rise in total promoter share in the NSE listed companies to primarily led by increase in Government share; 2) A drop in FII² (foreign institutional investors) ownership for the second quarter in a row to 18.4%, thanks to reduced share in some FII-heavy large-cap companies. Excluding Nifty 50, FII share in NSE listed companies actually inched up marginally, corroborating with strong foreign capital inflows; 3) A modest increase in DMF (domestic mutual funds) share to fresh record high level of 8.7%, aided by strong SIP inflows; 4) A rise in individual investors’ holding to 9.7%, reflecting the impact of renewed inflows during the quarter; 5) FIIs maintained their outsized but sequentially tapered OW³ bet on Financials, turned incrementally less bearish on India’s consumption story with a sequentially higher exposure to Consumer Discretionary and Consumer Staples and retained negative view on the investment theme with an UW position on Industrials; 6) FIIs maintained their outsized but sequentially tapered OW³ bet on Financials, turned incrementally less bearish on India’s consumption story with a sequentially higher exposure to Consumer Discretionary and Consumer Staples and retained negative view on the investment theme with an UW position on Industrials; 7) DMFs trimmed their exposure to Financials, turned neutral on Industrials for the first time since 2005, remained negative on commodity sectors viz., Energy and Materials for yet another quarter and maintained an OW stance on smaller Consumer Discretionary companies; 8) A drop in the exposure of institutional investors to Nifty 50 companies for the second quarter in a row, reflecting the impact of relative outperformance of mid- and smaller companies in the September quarter.

- Promoter share increased for the second consecutive quarter:** Total promoter ownership in the NSE-listed companies and Nifty 500 Index increased for the second quarter in a row by 30bps and 35bps QoQ to 50.4% and 49.8% respectively, while their share in the Nifty 50 remained unchanged at 41.8%. The increase was primarily led by a sharp rise in Government share, partly offset by a drop in private promoter share—Indian as well as foreign.
- Outperformance of PSU companies drove Government share higher in the September quarter:** Government ownership—promoter as well as non-promoter—in the listed companies, Nifty 500 and Nifty 50 increased sharply by 98bps, 111bps and 55bps QoQ to a 21-quarter high of 9.4%, 9.8% and 14-quarter high of 6.0% respectively. This was partly attributed to strong relative outperformance of PSUs in the quarter gone by. For instance, the NIFTY PSE Index and the NIFTY PSU Bank Index generated gains of 17.9% and 27.9% respectively in the September quarter, compared to 2.3% for the NIFTY 50 Index.
- FII ownership declined for the second quarter in a row:** FII ownership in the NSE-listed universe, Nifty 500 and Nifty 50 companies fell by 61bps, 50bps and 48bps QoQ to 18.4%, 19.5% and 25.2% respectively in the September quarter. This was primarily led by a drop in FII share in some FII-heavy large-cap companies, notably Reliance Industries, Adani Enterprises, and Kotak Mahindra Bank—all of which are part of the Nifty 50 Index. In fact, FII share in the listed universe excluding Nifty 50 companies actually inched up by 12bps QoQ to a six-quarter high of 12.0%.

Who owns India Inc.? NSE-listed in Sep’23



FII ownership in NSE-listed companies



Source: CMIE Prowess, NSE EPR.

¹ The “India Inc. Ownership Tracker” report examines ownership trends and patterns in Indian companies listed on the NSE since 2001.

² FII ownership includes ownership through depository receipts held by custodians.

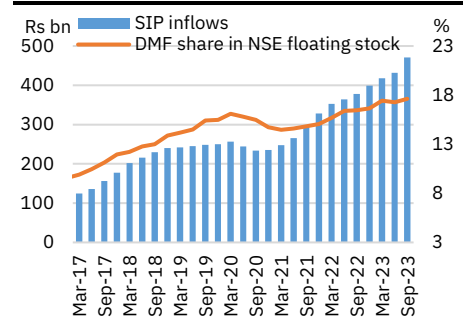
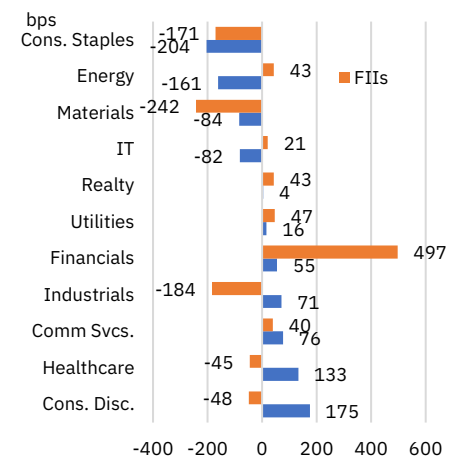
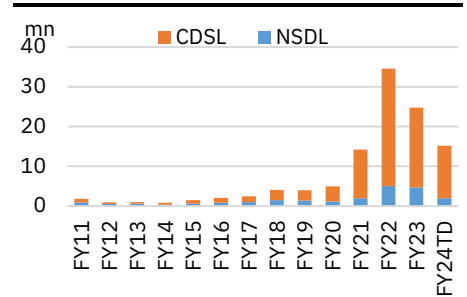
³ Overweight (OW), neutral (N) or underweight (UW) stance on any sector is with respect to the sector’s weight in the Index. An OW/UW position on a sector implies more than 100bps higher/lower allocation to the sector than its weight in the Index. A ‘N’ position on a sector implies an allocation within +/- 100bps of the sector’s weight.

FII maintained their outsized but sequentially tapered OW bet on Financials, turned incrementally less bearish on India's consumption story with a sequentially higher exposure to Consumer Discretionary and Consumer Staples, retained negative view on the investment theme with an UW position on Industrials, and maintained a neutral stance on other sectors viz., Information Technology, Communication Services, Healthcare, Utilities, Energy and Real Estate

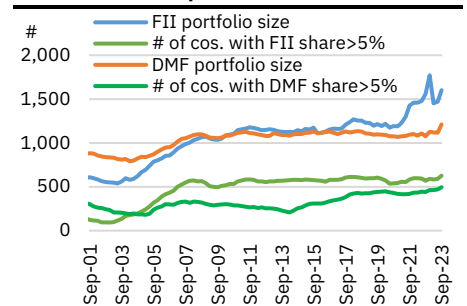
- DMFs share rose to fresh all-time high level:** DMF share in the NSE listed companies, Nifty 500 and Nifty 50 rose by 12bps, 21bps and 35bps QoQ to fresh record high of 8.75%, 9.1% and 10.1% respectively in the September quarter. While the actively managed funds held 7.1% in the NSE listed companies, the balance 1.7% was held by passively managed funds⁴. This has been led by strong net investments by DMFs during this period, aided by ever-increasing fund mobilisation through the SIP route.

DMFs reduced their exposure to Financials for the third quarter in a row, remaining OW on the sector in the Nifty 50 Index and neutral in the Nifty 500 Index, and turned neutral on Industrials for the first time since 2005. Among other sectors, DMFs retained their negative stance on Consumer Staples and Energy, albeit incrementally less so, remained OW on Consumer Discretionary and Healthcare and neutral on Communication Services, Information Technology, Materials, Real Estate and Utilities.

- Individual investors' share reached 16-year high:** Individual investors' holding in the NSE listed universe rose by 31bps QoQ to a 16-year high of 9.7% in the September quarter, while that in the Nifty 50 and Nifty 500 Indices inched up by 6bps and 13bps QoQ to 8.3% and 8.8% respectively. This corresponds with renewed buying by individuals in the NSE's cash segment during this period (Rs216bn).
- Institutional ownership concentration:** The share of Nifty 50 companies in total institutional investments fell for the second quarter in a row by a steep 3pp QoQ to near 16-year low of 64.6% in the September quarter—a result of continued outperformance of mid- and smaller companies vis-à-vis their large-cap counterparts. We also compare the depth of institutional ownership with its width in the market. FIIs meaningfully expanded their invested pool of companies between 2020 and 2022 (~1200 in Dec'20 to 1450+ by Dec'21 and 1770+ by Dec'22, only to drop and rise back again this year), but with incrementally higher number of companies with a 5%+ share. In line with FIIs, DMFs also widened their investment pool by 100 odd companies in the September quarter to 1200, even as the number of companies where DMFs hold more than 5% rose by a mere one-fourth of the incremental investment pool. That said, the count of such companies has doubled in last eight+ years, thanks to fresh capital infusion into them, partly funded through rising SIP inflows.

DMF ownership in NSE-listed companies

FII and DMF portfolio OW/UW in Nifty 500 vs. the index (September 2023)

New investor account additions


Source: CMIE Prowess, AMFI, SEBI, NSE EPR.

Portfolio size vs. penetration


Source: CMIE Prowess, AMFI, SEBI, NSE EPR.

⁴ Passive mutual funds track an index by maintaining a portfolio that mimics the underlying assets of an index. Active funds are those which involve active investment decisions on the part of the fund manager.

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Annual India Inc. ownership trends

Table 1: Ownership trend across promoters and non-promoters in the NSE-listed universe

	Promoters (%)				Non-promoters (%)			Market cap (Rs trn) *
	Private Indian promoters	Government	Foreign	Total promoters	Institutional	Non-Institutional	Total non-promoters	
FY07	30.9	15.5	7.7	54.1	28.6	17.3	45.9	34
FY08	31.0	19.0	6.5	56.6	27.1	16.3	43.4	49
FY09	26.4	23.0	8.2	57.6	25.7	16.8	42.4	29
FY10	26.5	22.3	7.6	56.3	27.5	16.2	43.7	60
FY11	26.6	22.1	7.2	55.9	28.2	15.9	44.1	67
FY12	27.3	19.8	8.0	55.1	28.7	16.2	44.9	61
FY13	28.4	16.9	7.5	52.8	31.2	15.9	47.2	63
FY14	29.4	13.9	8.4	51.7	32.3	15.9	48.3	73
FY15	29.6	11.9	9.5	51.0	32.4	16.5	49.0	100
FY16	31.0	10.1	9.3	50.4	31.9	17.7	49.6	95
FY17	30.4	10.7	8.9	50.1	32.0	18.0	49.9	121
FY18	31.3	9.7	9.4	50.4	32.0	17.6	49.6	142
FY19	31.5	8.7	9.2	49.4	34.0	16.5	50.6	150
FY20	33.3	6.6	11.1	50.9	34.6	14.5	49.1	112
FY21	34.7	5.9	9.4	50.0	35.0	15.0	50.0	203
FY22	36.3	5.7	8.7	50.7	32.9	16.3	49.3	261
FY23	33.2	7.9	8.8	49.9	36.2	13.9	50.1	254
Jun-23	33.4	8.0	8.7	50.1	35.9	14.0	49.9	291
Sep-23	33.1	8.9	8.3	50.4	35.2	14.4	49.6	315

Source: CMIE Prowess, NSE EPR. Note: Ownership across promoters and non-promoters are based on total market cap and add up to 100. *Market cap is for all companies whose ownership data was available for the quarter.

Table 2: Ownership trend across non-promoter shareholders by total market cap in the NSE-listed universe

	Non-promoters (%) ^										Market cap (Rs trn) #
	Institutional					Non-institutional				Total	
	Domestic MFs	Banks, FIs & Insurance	FIIIs*	Other inst.	Total	Non-promoter corporate	Ind. investors	Other non-inst. **	Total		
FY07	3.8	5.4	19.2	0.3	28.6	4.2	10.1	3.0	17.3	45.9	34
FY08	3.8	5.4	17.5	0.4	27.1	4.3	9.1	2.9	16.3	43.4	49
FY09	3.8	6.7	14.9	0.3	25.7	4.5	8.7	3.6	16.8	42.4	29
FY10	3.9	6.9	16.4	0.3	27.5	4.5	8.5	3.3	16.2	43.7	60
FY11	3.6	6.9	17.5	0.3	28.2	4.5	8.2	3.2	15.9	44.1	67
FY12	3.6	7.2	17.7	0.2	28.7	4.4	8.5	3.2	16.2	44.9	61
FY13	3.5	6.9	20.7	0.1	31.2	4.3	8.0	3.6	15.9	47.2	63
FY14	3.4	6.8	22.1	0.1	32.3	4.0	8.0	4.0	15.9	48.3	73
FY15	3.9	5.9	22.0	0.6	32.4	4.2	8.7	3.7	16.5	49.0	100
FY16	4.4	6.4	20.8	0.3	31.9	5.8	9.1	2.8	17.7	49.6	95
FY17	4.9	6.2	20.6	0.2	32.0	5.8	9.3	2.9	18.0	49.9	121
FY18	6.1	5.6	20.1	0.3	32.0	5.6	9.0	3.0	17.6	49.6	142
FY19	7.2	5.5	21.0	0.4	34.0	5.0	8.6	3.0	16.5	50.6	150
FY20	7.9	5.5	20.8	0.4	34.6	3.3	8.4	2.7	14.5	49.1	112
FY21	7.2	5.1	21.5	1.2	35.0	3.1	9.0	2.9	15.0	50.0	203
FY22	7.7	4.5	19.2	1.5	32.9	3.6	9.7	3.1	16.3	49.3	261
FY23	8.7	6.1	19.1	2.3	36.2	1.7	9.4	2.8	13.9	50.1	254
Jun-23	8.6	5.9	19.0	2.4	35.9	1.9	9.4	2.7	14.0	49.9	291
Sep-23	8.7	5.7	18.4	2.3	35.2	2.0	9.7	2.8	14.4	49.6	315

Source: CMIE Prowess, NSE EPR. ^ Ownership shares provided here for non-promoters are based on total market cap and therefore do not add up to 100. Institutional and non-institutional share add up to the total non-promoter share. *FII ownership includes ownership through depository receipts held by custodians. **Other non-institutions include other non-institutional non-promoters and government non-promoter. #Market cap is for all companies whose ownership data was available for the quarter.

Listed universe ownership trends

Ownership pattern of the NSE-listed universe (September 2023)

Promoter share in NSE listed companies inched up for the second consecutive quarter: Total promoter ownership in the NSE listed universe rose by 30bps QoQ to 50.4% in the September quarter, marking the second increase in a row. This was driven by a significant increase in Government promoter holding by 96bps QoQ to 8.9%, the highest in 21 quarters, partly attributed to a meaningful outperformance of PSUs (Public Sector Undertakings) vis-à-vis the overall market. This more than made up for a drop in private Indian as well as foreign promoter ownership. While the private Indian promoter share fell by 35bps QoQ to a 15-quarter low of 33.1%, foreign promoter share declined for the fourth quarter in a row by 31bps to a nine-year low of 8.3%. In terms of number of companies, around 91% of the NSE listed companies (Where shareholding data is available for the quarter gone by and the same period last year) saw a drop in private Indian promoter stake in the September quarter.

Government ownership increased significantly in the September quarter: Government ownership (promoter as well as non-promoter) in the NSE-listed space has been coming off since 2010, in-line with its efforts to garner higher revenues through the disinvestment route, barring a steep rise last fiscal year, thanks to the LIC issue. The September quarter saw a significant rise in Government ownership by 98bps QoQ to a 21-quarter high of 9.4%, on the back of significant outperformance of PSUs last quarter. For instance, the NIFTY PSE Index and the NIFTY PSU Bank Index generated returns of 17.9% and 27.9% respectively in the September quarter, compared to 2.3% in the NIFTY 50 Index.

FII ownership declined for the second quarter in a row: Notwithstanding strong foreign capital inflows during the quarter, FII ownership fell by 61bps QoQ to 18.4%, marking the second sequential drop in a row. This was primarily led by drop in FII holding in some large-cap companies, notably Reliance Industries, Adani Enterprises, and Kotak Mahindra Bank—all of which are part of the Nifty 50 Index. Excluding these three companies, the drop in FII share was much lower at about 49bps QoQ. In fact, excluding the Nifty 50 companies, FII share actually inched up by a modest 12bps QoQ to a five-quarter high of 12% in the September quarter. The decline was seen across all sectors barring Consumer Discretionary and Information Technology, led by Financials and Energy, partly attributed to relative underperformance of these sectors compared to the broader markets.

...While DMF share reached record highs: After a modest drop in the June quarter for the first time in nine quarters, DMFs' share in the NSE listed companies rose by 12bps to a record-high of 8.8% in the September quarter. This corroborates with increased buying by DMFs in the quarter gone by, as evidenced by net inflows of Rs 540bn in the September quarter as compared to Rs 35.8bn in the previous quarter. A large part of this is attributed to strong inflows via the SIP route. SIP inflows continued to rise, reaching a record-high monthly run rate of Rs 160bn in September 2023, rising further to Rs 169bn and 171bn in October and November 2023, respectively. Average SIP inflows in the first eight months of FY24 (Apr-Nov'23) stood at Rs 155bn, nearly 20%/50% higher than the average monthly inflows of Rs 130bn/Rs 104bn in FY23/FY22. Out of the total DMF share of 8.8% in the NSE listed companies, passive funds held about 1.7%, with the balance 7.1% held by active funds, both of which are hovering near record-high levels.

Total promoter share rose by 30bps QoQ to 50.4% in the June quarter on the back of an increase in Government promoter share, partly offset by a fall in foreign promoter share to nine-year lows.

Significant outperformance of public sector companies in the September quarter led to Government ownership rising to a 17-quarter high of 9.0%.

FII ownership declined by 61bps QoQ to 18.4% on the back of drop in FII holding in large cap companies. Ex Nifty 50, FII share actually rose by a modest 12bps QoQ to a five-quarter high of 12%.

DMF share rose to record high levels of 8.8% in Sep '23, in line with steady increase in net investments by DMFs during the quarter.

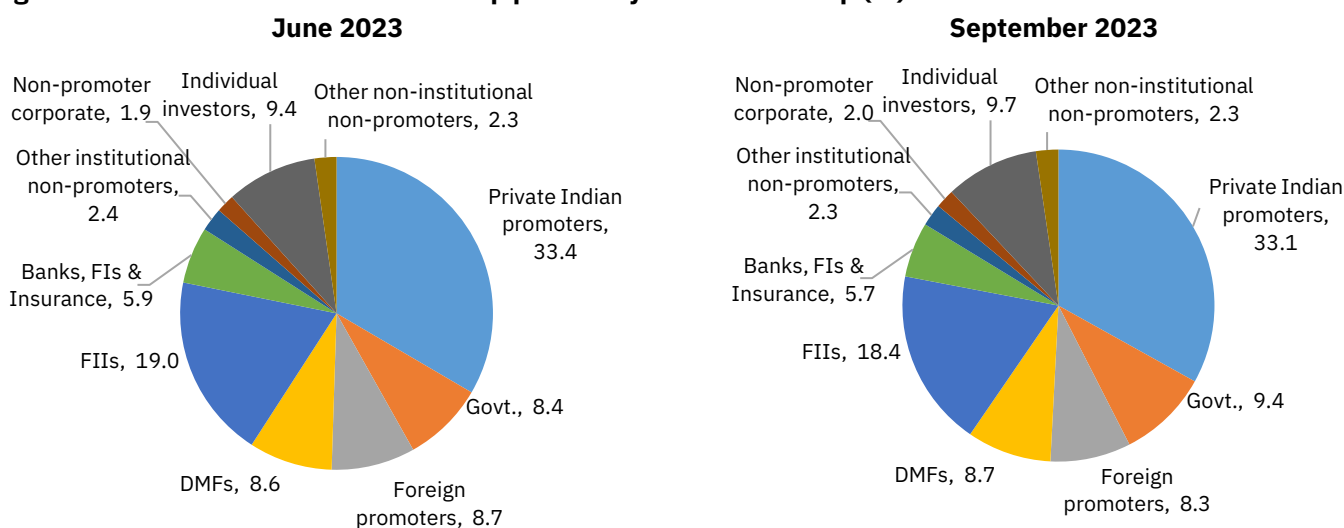
Share of Banks, Financial Institutions and Insurance companies fell by 15bps QoQ to 5.7%.

The share of Banks, Financial Institutions and Insurance companies in the NSE-listed space moderated for the second quarter in a row by 15bps QoQ to 5.7% after rising steadily for five quarters up to Mar'23.

Individual investors' holding rose to over 16-year highs: After remaining on sidelines over the previous four quarters, individual investors' share in the NSE listed universe increased by 31bps QoQ to 9.7%, the highest level since Jun'07. While individual investors had turned net sellers in the June quarter with net outflows of Rs 211bn, Q2FY24 saw a reversal with net inflows (Difference between total buy value and total sell value of individual investors) of Rs 216bn. This increased participation of individual investors is also visible in their improved market activity—measured in terms of number of investors trading in a month and new investor registrations. The momentum continued in October as well, with net inflows by individual investors during the month coming in at strong Rs 141bn.

Individual investors' share in the listed space reached 16-year highs of 9.7%, in line with strong inflows from individuals in the quarter.

Figure 1: NSE-listed universe: Ownership pattern by total market cap (%)



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Table 3: NSE-listed universe: Ownership trend across key stakeholders by total market cap over last three years

%	Private Indian promoters	Govt.	Foreign promoters	Passive DMFs ^	Active DMFs \$	Banks, FIs & Insurance	FII *	Non-promoter corporate	Individual Investor	Others **
Dec-20	34.6	5.7	9.7	1.2	6.1	5.1	21.7	3.0	9.0	3.7
Mar-21	34.7	6.2	9.4	1.2	6.0	5.1	21.5	3.1	9.0	3.7
Jun-21	35.3	6.5	9.1	1.2	6.0	5.0	20.7	3.2	9.4	3.7
Sep-21	36.0	6.0	8.9	1.3	6.0	4.4	20.5	3.4	9.3	4.1
Dec-21	36.4	5.7	8.7	1.3	6.1	4.4	19.7	3.7	9.7	4.3
Mar-22	36.3	6.0	8.7	1.4	6.3	4.5	19.2	3.6	9.7	4.3
Jun-22	35.2	7.6	9.1	1.5	6.4	4.6	18.4	3.7	9.5	4.0
Sep-22	35.0	7.5	9.5	1.6	6.4	5.7	18.6	2.8	9.2	3.7
Dec-22	34.2	8.6	8.9	1.6	6.5	5.8	18.9	1.8	9.2	4.5
Mar-23	33.2	8.4	8.8	1.7	7.0	6.1	19.1	1.7	9.4	4.7
Jun-23	33.4	8.4	8.7	1.7	6.9	5.9	19.0	1.9	9.4	4.7
Sep-23	33.1	9.4	8.3	1.7	7.1	5.7	18.4	2.0	9.7	4.6
QoQ change	-35bps	98bps	-31bps	-4bps	16bps	-15bps	-61bps	8bps	31bps	-7bps

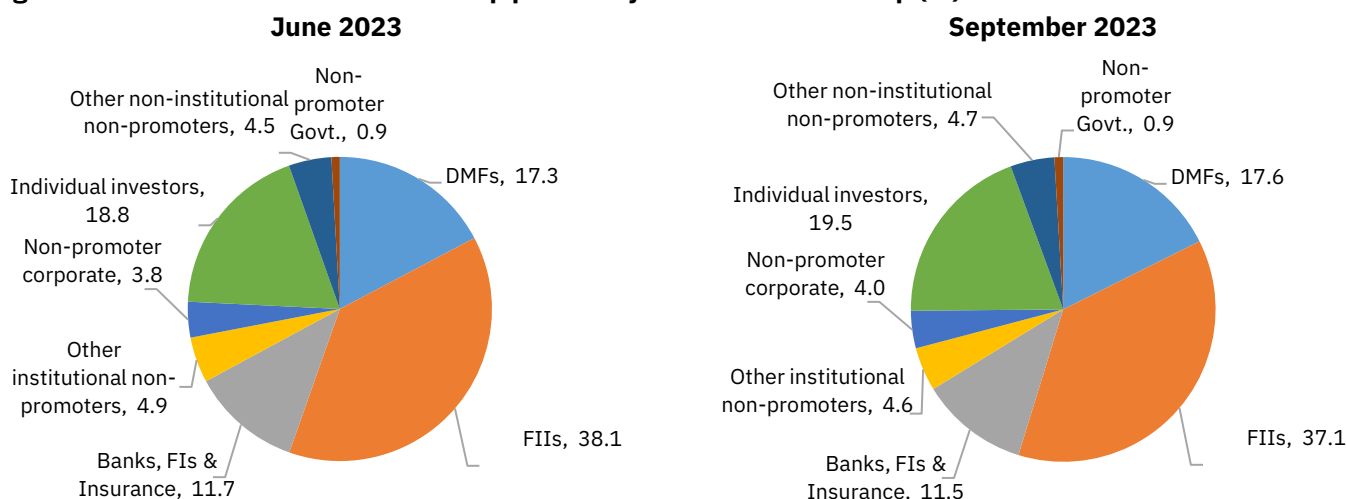
Source: CMIE Prowess, NSE EPR. Note: Ownership across promoters and non-promoters are based on total market cap and add up to 100. *FII ownership includes ownership through depository receipts held by custodians. ** Others include other institutional non-promoters, other non-institutional non-promoters and government non-promoters. ^ Passive mutual funds track an index by maintaining a portfolio that mimics the underlying assets of an index. \$ Active funds are those which involve active investment decisions on the part of the fund manager; share of these funds has been arrived at by subtracting passive AUM from the overall DMF holding.

Institutional ownership in NSE floating stock fell for the second consecutive quarter:

DMF ownership in NSE floating stock increased by 35bps QoQ to an all-time high level of 17.6% in the September quarter—primarily led by an increase in ownership of active mutual funds. This, however, was more than offset by a decline in the share of all other institutional categories. FII ownership dropped sharply by 99bps QoQ to 37.1%, the lowest in 14 years. FII share in the NSE floating stock is now 8.6pp below the peak share seen eight years back (March 2014). Excluding Nifty 50, however, FII share in the floating stock remained steady on a QoQ basis at 28.9%. Banks, Financial Institutions and Insurance companies' share in the NSE free-float fell for the second consecutive quarter to 11.5% (-23bps QoQ). As such, the overall institutional share in the NSE listed floating stock moderated by 109bps QoQ to 70.9%, 1.4pp below the Mar'23 high of 72.3%.

Individual investors' share in the NSE free-float market cap witnessed the largest sequential jump in two years, with a 74bps QoQ increase to 19.5% in the September quarter. That said, the share still stands nearly 9.5% below the peak individual ownership level seen over the last 20 years.

Figure 2: NSE-listed universe: Ownership pattern by free float market cap (%)



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Table 4: NSE-listed universe: Ownership trend across key stakeholders by floating stock over last three years

%	Passive DMFs ^	Active DMFs \$	Banks, FIs & Insurance	FIIs*	Non-promoter corporate	Individual Investor	Others**
Dec-20	2.5	12.2	10.1	43.3	5.9	17.9	8.1
Mar-21	2.5	12.0	10.2	42.9	6.3	18.0	8.1
Jun-21	2.5	12.1	10.0	41.9	6.4	18.9	8.2
Sep-21	2.6	12.2	9.0	41.6	6.9	18.9	8.9
Dec-21	2.7	12.4	8.8	39.9	7.6	19.6	9.1
Mar-22	2.9	12.7	9.1	39.1	7.3	19.7	9.3
Jun-22	3.1	13.3	9.6	38.1	7.6	19.7	8.7
Sep-22	3.2	13.2	11.9	38.5	5.7	19.1	8.4
Dec-22	3.4	13.3	12.0	38.8	3.7	18.9	10.0
Mar-23	3.5	14.0	12.1	38.1	3.5	18.7	10.2
Jun-23	3.5	13.8	11.7	38.1	3.8	18.8	10.3
Sep-23	3.4	14.2	11.5	37.1	4.0	19.5	10.2
QoQ change	-6bps	41bps	-23bps	-99bps	18bps	74bps	-5bps

Source: CMIE Prowess, NSE EPR. Note: Ownership across key non-promoter stakeholders is based on free float market cap and add up to 100. *FII ownership includes ownership through depository receipts held by custodians. ** Others include other institutional non-promoters, other non-institutional non-promoters and government non-promoters. ^ Passive mutual funds track an index by maintaining a portfolio that mimics the underlying assets of an index. \$ Active funds are those which involve active investment decisions on the part of the fund manager; share of these funds has been arrived at by subtracting passive AUM from the overall DMF holding.

Long-term ownership trend of the NSE-listed universe

Long-term trend shows a steady drop in promoter ownership during 2009-2019, followed by a marginal increase thereafter: The long-term trend indicates a sharp rise in promoter ownership between 2001 and 2009 (To 19-year high of 57.6% in March 2009) that gradually tapered off since, coinciding with the SEBI's decision to increase the minimum required free float from 10% to 25% in 2010. However, the drop has been primarily led by a sharp decline in Government ownership over the years, and strategically so, with the aim of expanding public partnership in the ownership of CPSEs (Central Public Sector Enterprises) and augmenting its resources for higher expenditure towards economic development. On the other hand, overall private promoter ownership—Indian and foreign promoters combined—has increased by ~11.6pp between June 2010 to December 2021. Promoter share, however, has been inching up since last few years barring FY23, primarily led by an increase in Government share.

Sharp rise in DMF ownership during 2014-19 supported by rising SIP inflows: Barring a drop in FY21, DMF ownership has seen a sharp increase over the previous six fiscal years (FY15-FY23), largely reflecting the sustained retail interest in equity mutual funds as an investment channel through SIPs. Drop in DMF ownership in FY21 (Apr-Mar'21) had been largely on the back of moderation in SIP inflows as well as high redemption pressures, thanks to macroeconomic slowdown and attendant drop in disposable incomes that got accentuated by the COVID-19 outbreak. This partly found its way to Indian equities via higher direct retail investments, as visible from a steady increase in direct retail ownership during this period. With indirect participation by individual investors seeing a renewed jump beginning June 2021 via the SIP route, share of DMFs in the NSE listed universe has risen steadily to record-high levels. Banks, FIs & Insurance share, on the other hand, has been gradually dropping off since 2012, only to see a significant jump in FY23 (+158bps).

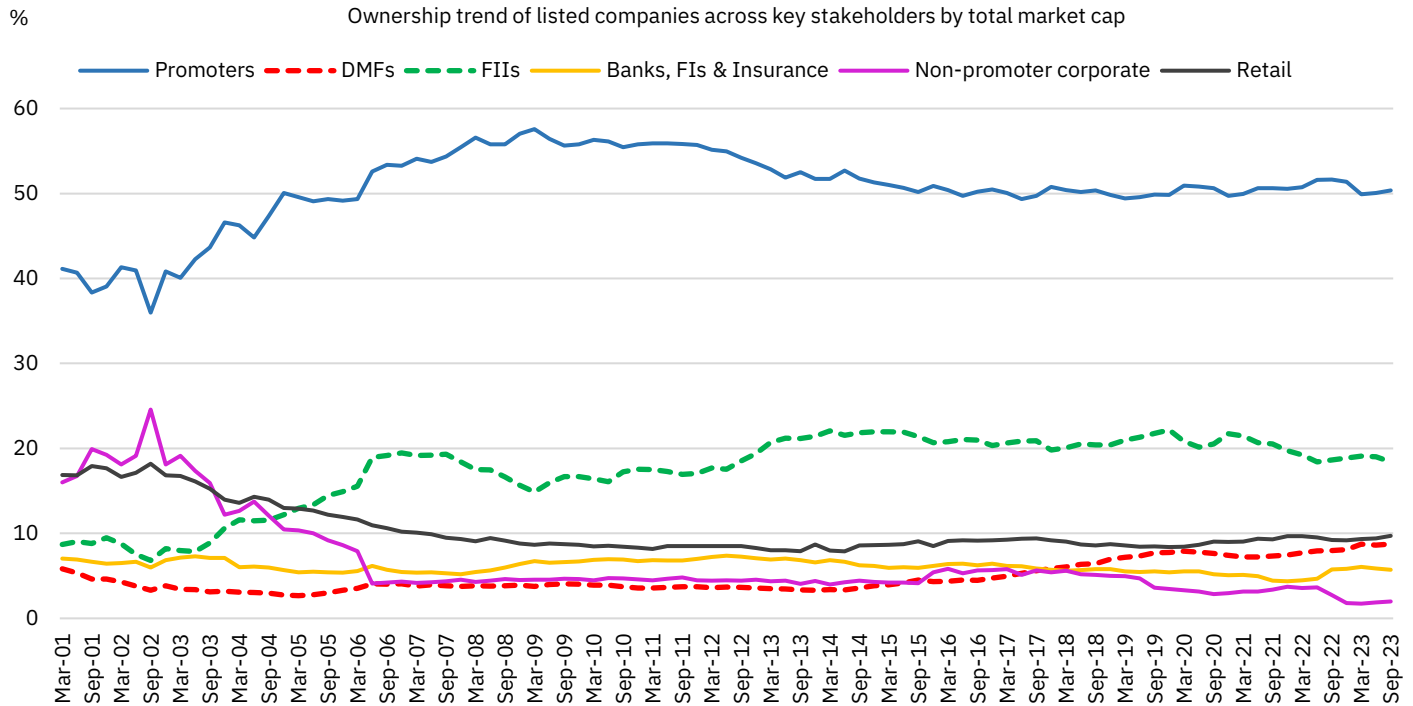
FII ownership dropped to sub 20% in FY23 after almost a decade: FII ownership in the NSE-listed space saw a gradual increase between 2002 and 2015, except for a brief period around the 2007-08 financial crisis, but dropped marginally over the subsequent three years, reflecting negative global cues including the US-China trade war and Brexit concerns. FII share picked up over the next two years until December 2019 but fell sharply during the first two quarters of 2020 post the onset of the COVID-19 pandemic. This, however, was temporary as huge liquidity injection globally improved risk appetite, leading to a jump in FII share in the second half. Since then, FII share has been trending down, reflecting weakened investor sentiments in the wake of recurring COVID waves, China slowdown, Russia-Ukraine war, worsening growth-inflation dynamics, and rapid monetary tightening by global central banks, notably the US Fed.

Direct individual holding has remained between 8 to 10% for more than a decade now: Not surprisingly, while individual investments through the SIP route has been rising over last few years, barring a steady drop in FY21, direct individual participation in equity markets remained quite stable—a sign of maturing markets and indirect ownership. Individual investors' ownership of the NSE listed universe declined steadily between 2001 and 2012 but has since increased only marginally.

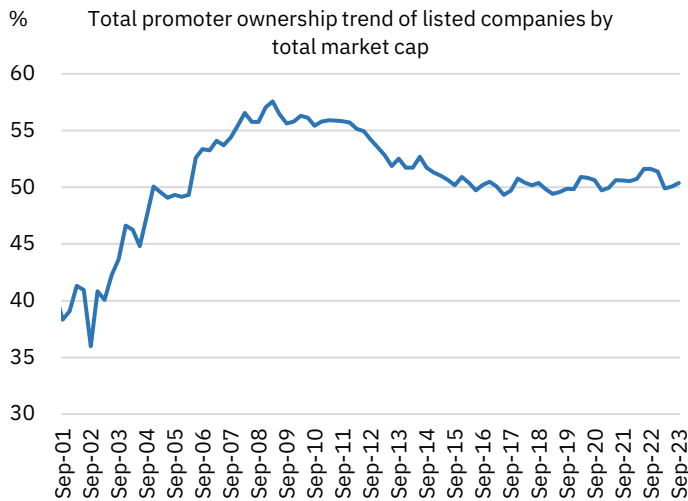
Government ownership in the NSE-listed universe has been coming off since 2010, barring a steep jump last year.

DMF ownership got support from rising SIP investments during FY15-20, only to see a dip in FY21 and recover thereafter.

Direct individual ownership fell steadily between 2001 and 2012 and has since rising steadily.

Figure 3: NSE-listed universe: Long-term ownership trend across key stakeholders by total market cap


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Figure 4: Total promoter ownership trend of NSE-listed companies by total market cap


Source: CMIE Prowess, NSE EPR.

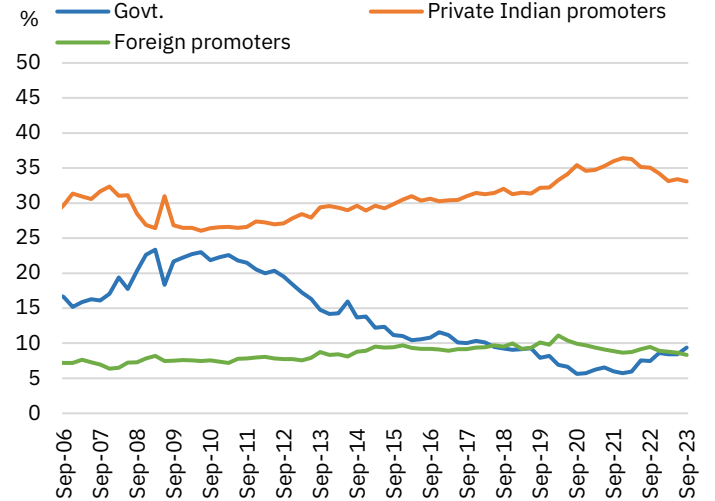
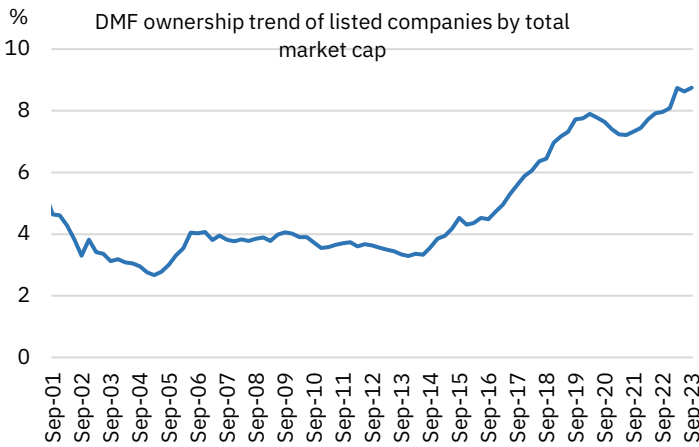
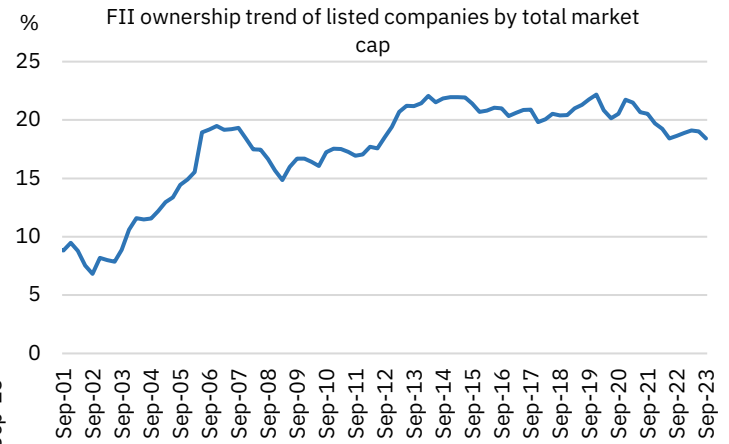
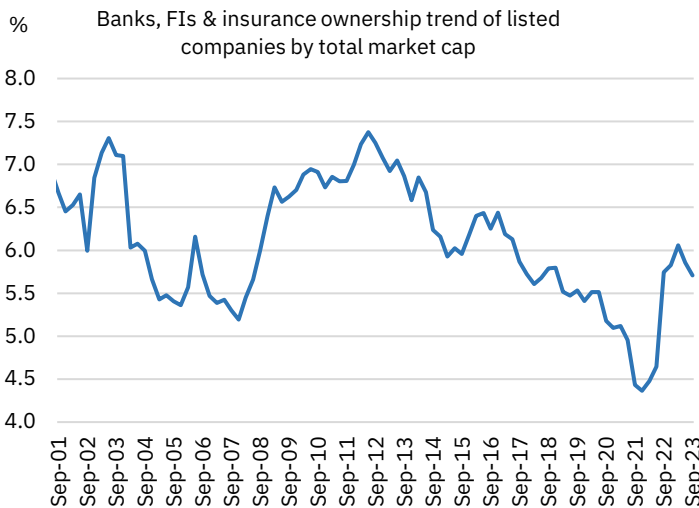
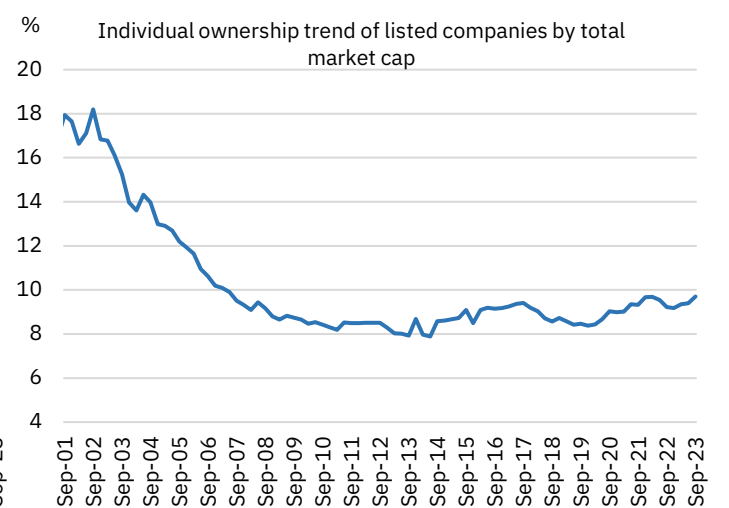
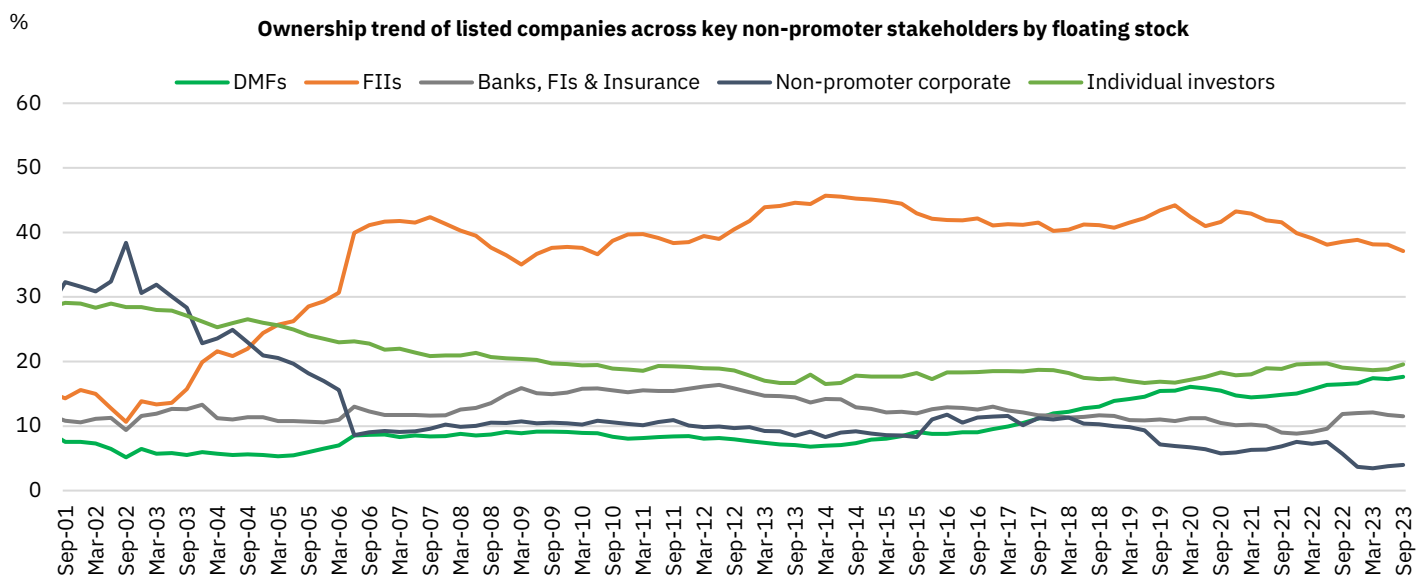
Figure 5: Indian and foreign promoter ownership trend of NSE-listed companies by total market cap


Figure 6: DMF ownership trend of NSE-listed companies by total market cap


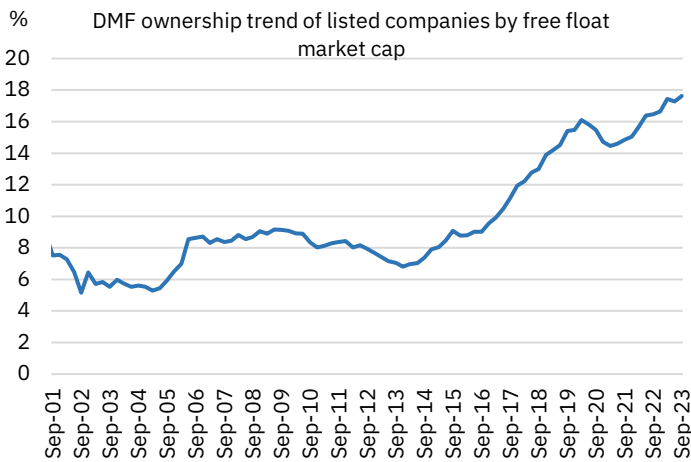
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 7: FII ownership* trend of NSE-listed companies by total market cap

Figure 8: Banks, FIs & Insurance ownership trend of NSE-listed companies by total market cap


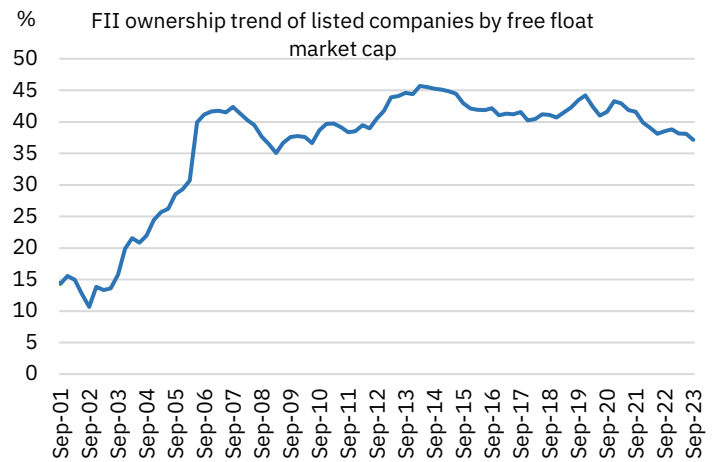
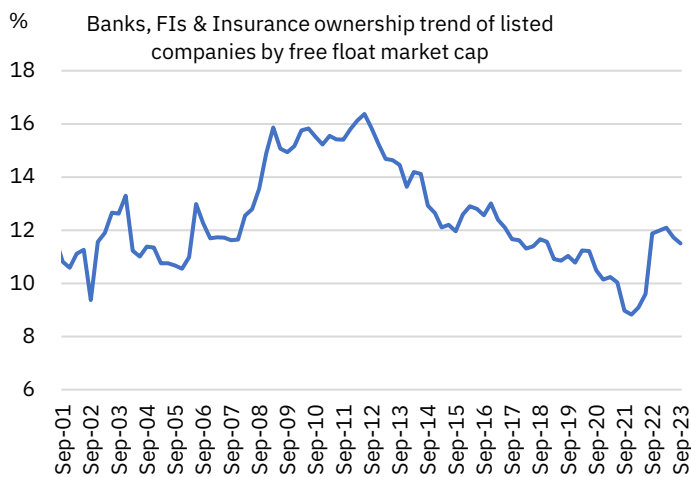
Source: CMIE Prowess, NSE EPR.

Figure 9: Individual ownership trend of NSE-listed companies by total market cap

Figure 10: NSE-listed universe: Long-term ownership trend across key stakeholders by free float market cap


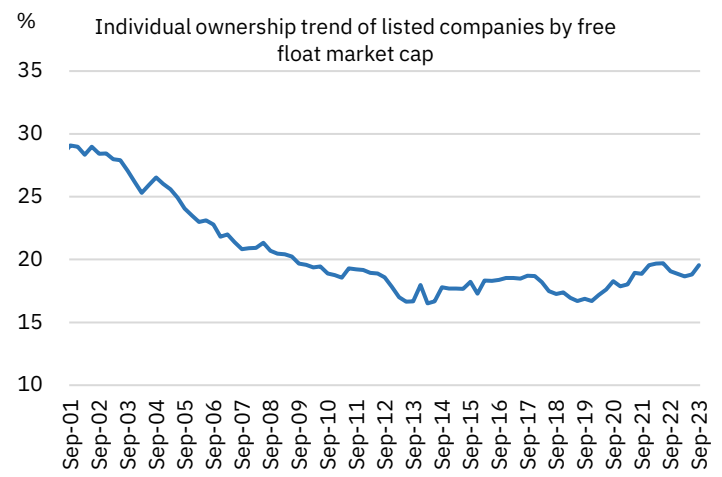
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 11: DMF ownership trend of NSE-listed companies by free float market cap


Source: CMIE Prowess, NSE EPR.

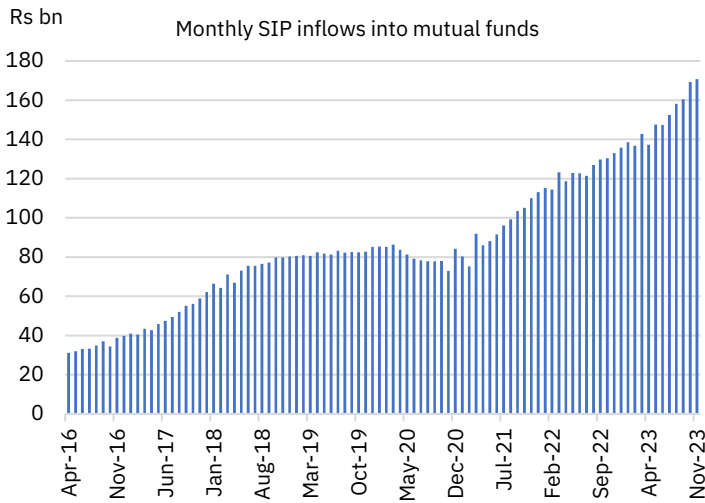
Figure 12: FII ownership trend of NSE-listed companies by free float market cap

Figure 13: Banks, FIs & Insurance ownership trend of NSE-listed companies by free float market cap


Source: CMIE Prowess, NSE EPR.

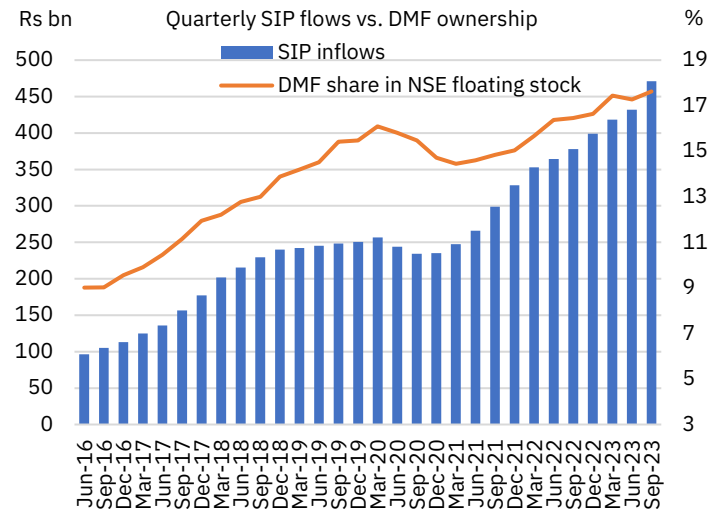
Figure 14: Individual ownership trend of NSE-listed companies by free float market cap


SIP inflows on a rising trend: SIPs have been a preferred route for individual investors to invest in equity markets barring FY20-21. After a drop in 2020, that saw individual investors shift away from being indirect investors to direct participants in the equity market, inflows into mutual funds through the SIP route has been rising steadily since then, barring some moderation in early FY22 due to the virulent second wave of the pandemic. Monthly SIP inflows in FY23 (Apr'22-Mar'23) averaged at Rs130bn vs. Rs104bn in FY22, rising further to Rs155bn during the eight months of the current fiscal (Apr'23-Nov'23). A sharp increase in SIP inflows in the September quarter led to mutual fund ownership rising to a record high level.

Average monthly SIP inflows in FY23 rose by 25.0% YoY and further by ~20% in FY24 thus far (Apr-Nov'23).

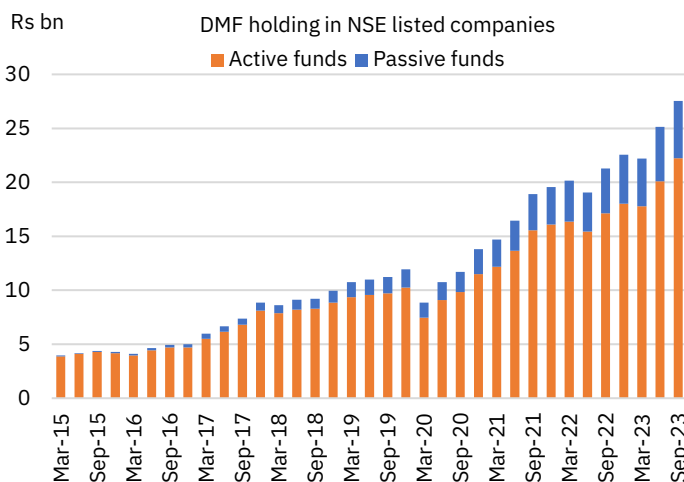
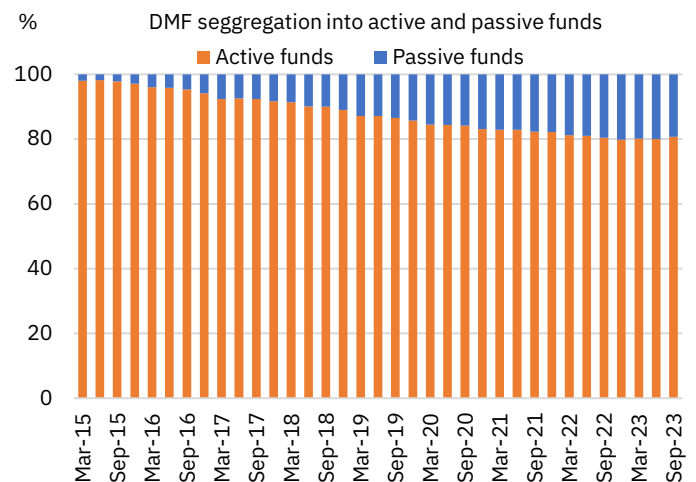
Figure 15: Monthly SIP inflows into mutual funds


Source: AMFI, NSE EPR.

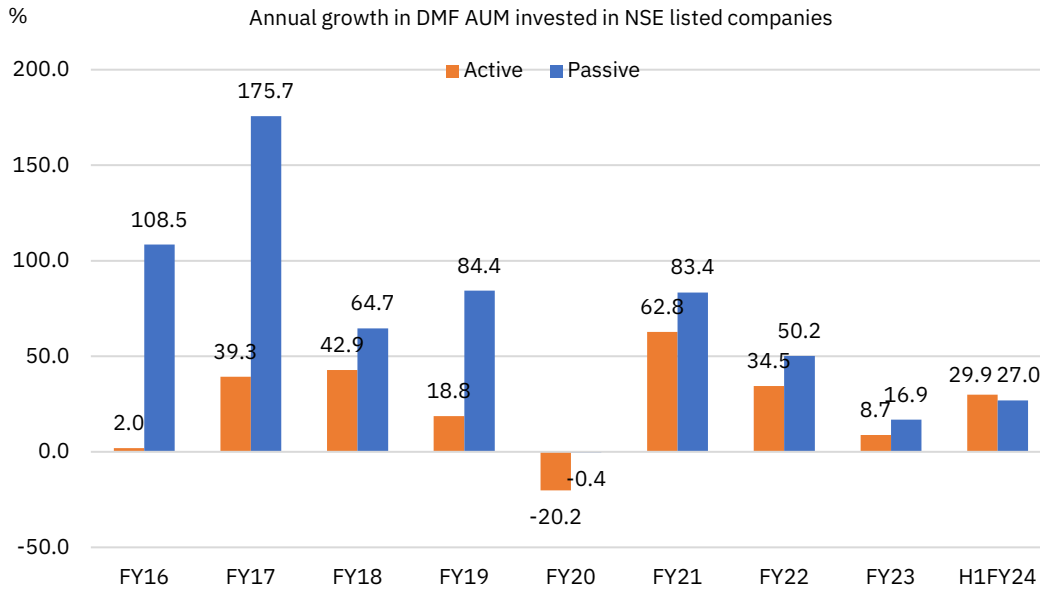
Figure 16: Quarterly SIP inflows vs DMF ownership


Passive DMFs' ownership at near record high level: Passive holding of DMFs through ETFs and index funds in the NSE listed companies has risen rapidly over the past few years. The AUM of passive of unmanaged mutual funds has increased at a CAGR of 42% over the last five years, as compared to 22% CAGR of the AUM of active or managed funds. Annualised growth in the AUM of passive funds since 2015 at 65% is much higher than 23% for actively managed funds, partly attributed to a low base. This has led to the share of passive funds' holding in the overall holding of DMFs in NSE listed companies rising from a mere 2% in 2015 to slightly shy of 20% (Rs 5.3trn as of September 30th, 2023). The quarter gone by, however, saw some moderation in passive funds' holding, with the AUM rising by 5.5% QoQ as compared to a 10.6% QoQ growth in the holding of active funds in NSE listed companies.

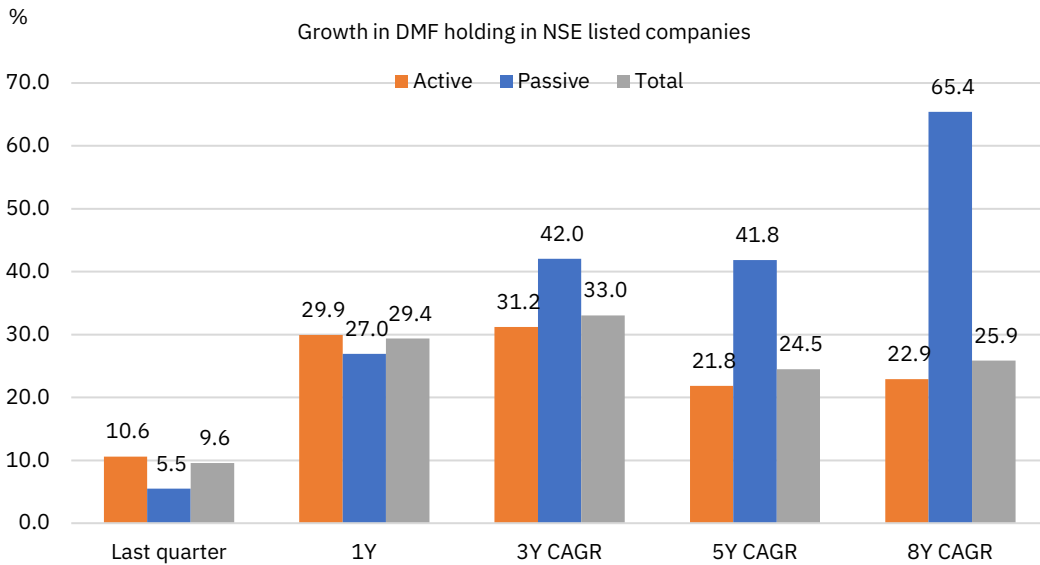
Out of the 8.7% share of DMFs in the NSE listed universe, 1.7% is currently held by passive funds, while 7.1% is in the form of active funds. In the floating stock, out of the 17.6% share of all mutual funds in the quarter ending September 2023, passive funds held 3.4%, with the balance 14.2% held by active funds.

Figure 17: DMF holding in NSE listed universe

Figure 18: DMF segregation: active and passive funds


Source: AMFI, MFI Explorer, NSE EPR. Note: Passive mutual funds track an index by maintaining a portfolio that mimics the underlying assets of an index. Active funds are those which involve active investment decisions on the part of the fund manager; share of these funds has been arrived at by subtracting passive AUM from the overall DMF holding.

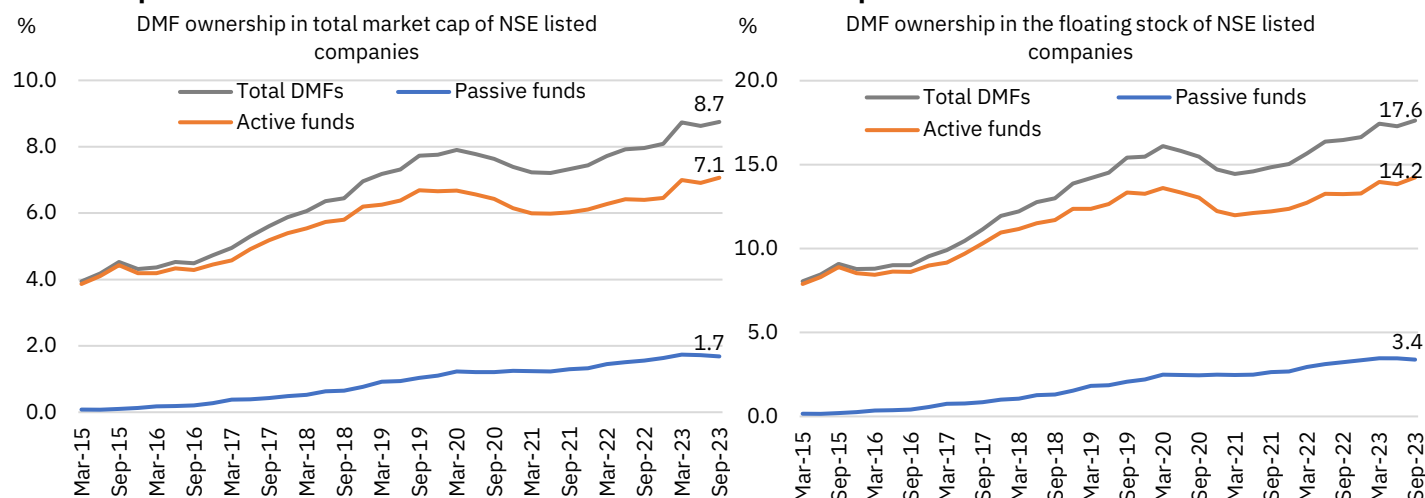
Figure 19: Annual growth of DMF holding in the NSE-listed universe


Source: AMFI, MFI Explorer, NSE EPR. Note: Passive mutual funds track an index by maintaining a portfolio that mimics the underlying assets of an index. Active funds are those which involve active investment decisions on the part of the fund manager; share of these funds has been arrived at by subtracting passive AUM from the overall DMF holding.

Figure 20: CAGR of DMF holding in the NSE-listed universe


Source: AMFI, MFI Explorer, NSE EPR. Note: Passive mutual funds track an index by maintaining a portfolio that mimics the underlying assets of an index. Active funds are those which involve active investment decisions on the part of the fund manager; share of these funds has been arrived at by subtracting passive AUM from the overall DMF holding.

Figure 21: DMF ownership in total market cap of NSE listed companies **Figure 22: DMF ownership in floating market cap of NSE listed companies**



Source: CMIE Prowess, AMFI, MFI Explorer, NSE EPR. Note: Passive mutual funds track an index by maintaining a portfolio that mimics the underlying assets of an index. Active funds are those which involve active investment decisions on the part of the fund manager; share of these funds has been arrived at by subtracting passive AUM from the overall DMF holding.

Table 5: Shareholding of DMFs across active and passive funds in the NSE listed companies

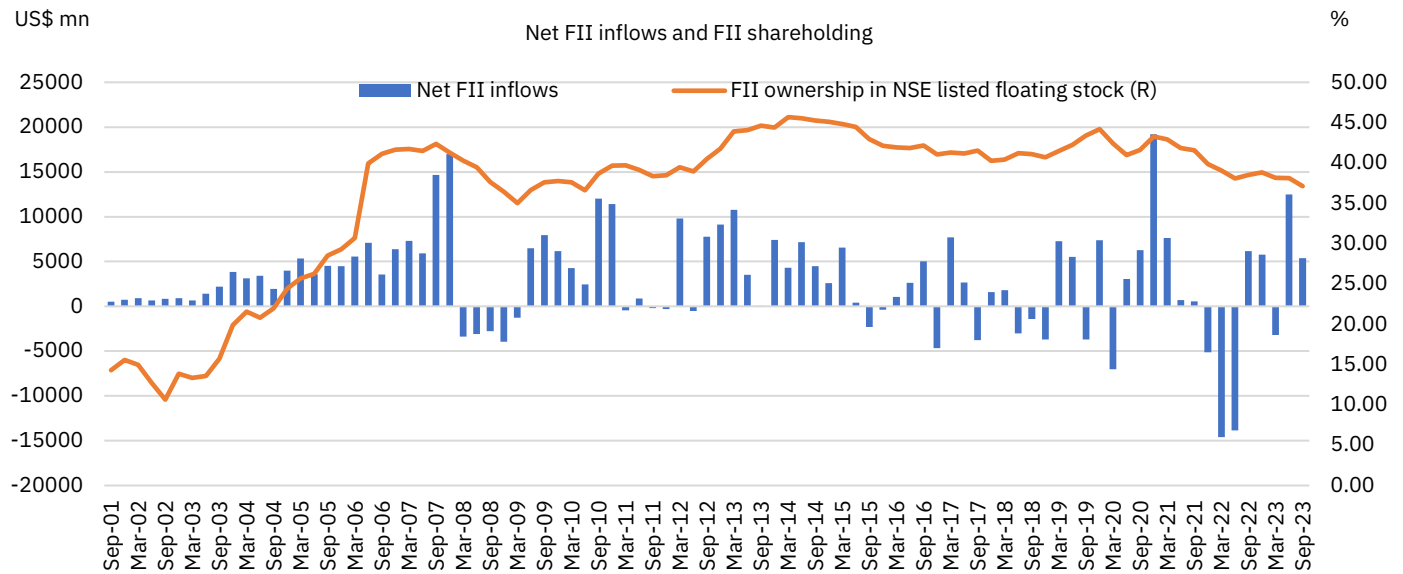
%	Investment (Rs bn)			Ownership in NSE total market cap (%)			Ownership to NSE floating stock (%)		
	Active	Passive	Total	Active	Passive	Total	Active	Passive	Total
FY15	3,883	79	3,962	3.9	0.1	3.9	7.9	0.2	8.1
FY16	3,961	164	4,125	4.2	0.2	4.4	8.4	0.4	8.8
FY17	5,519	453	5,973	4.6	0.4	4.9	9.2	0.8	9.9
FY18	7,887	746	8,633	5.5	0.5	6.1	11.2	1.1	12.2
FY19	9,366	1,375	10,741	6.3	0.9	7.2	12.4	1.8	14.2
FY20	7,475	1,370	8,846	6.7	1.2	7.9	13.6	2.5	16.1
FY21	12,171	2,514	14,685	6.0	1.2	7.2	12.0	2.5	14.5
FY22	16,369	3,775	20,143	6.3	1.4	7.7	12.7	2.9	15.7
FY23	17,797	4,412	22,209	7.0	1.7	8.7	14.0	3.5	17.4
Jun-23	20,111	5,019	25,130	6.9	1.7	8.6	13.8	3.5	17.3
Sep-23	22,245	5,295	27,540	7.1	1.7	8.7	14.2	3.4	17.6

Source: CMIE Prowess, AMFI, MFI Explorer, NSE EPR. Note: Passive mutual funds track an index by maintaining a portfolio that mimics the underlying assets of an index. Active funds are those which involve active investment decisions on the part of the fund manager; share of these funds has been arrived at by subtracting passive AUM from the overall DMF holding.

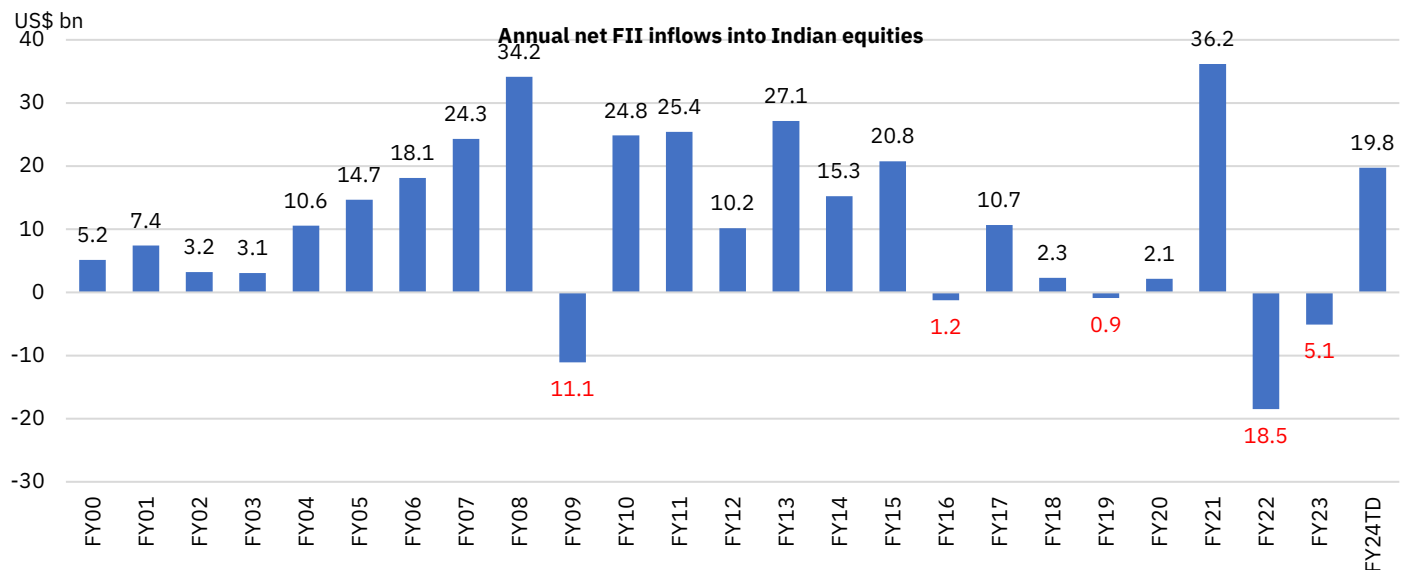
FII's remained net buyers in the September quarter, albeit with a lower quantum:

After significant volatility in FII flows in FY23, Q1FY24 had seen FIIs becoming strong buyers, with a 10-quarter high net inflow of US\$12.5bn. FIIs remained buyers in the September quarter as well, even as the net inflows significantly moderated to US\$5.4bn on the back of the global uncertainty and hardening US 10-year yields. This was in line with the trend seen across other emerging markets. Notwithstanding net buying, FII ownership dropped in the September quarter, thanks to a decline in FII share in some large-cap companies. FIIs, however, turned net sellers in October, only to resume buying in November, with net inflows of US\$ 1.9bn in the quarter thus far (As on December 12th, 2023).

Net FII inflows moderated to US\$5.4bn in Q2 FY24 after a 10-quarter high net inflow of US\$12.5bn in the previous quarter.

Figure 23: Net FII inflows and FII shareholding in the NSE-listed floating stock


Source: Bloomberg, CMIE Prowess, NSE EPR. * FII ownership includes ownership through depository receipts held by custodians.

Figure 24: Annual net FII inflows trend


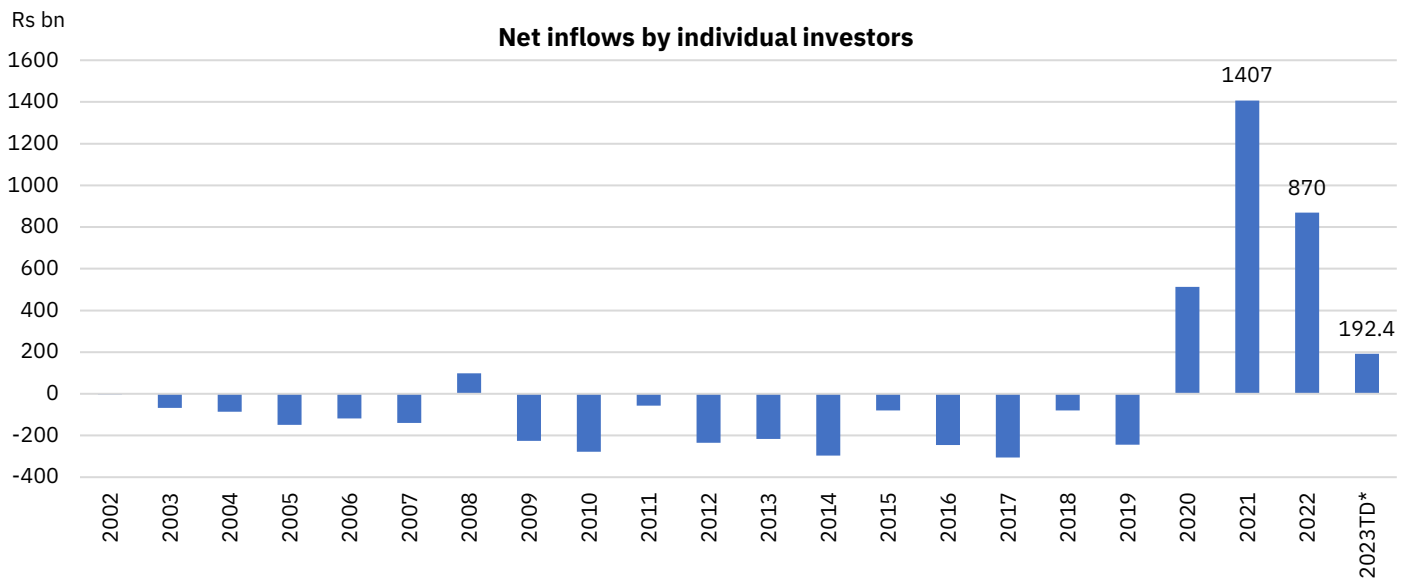
Source: Refinitiv Datastream, NSE EPR. * Data for FY24TD is as of December 12th, 2023.

Direct participation by individual investors rising after a muted start to year:

Individual investors' participation in Indian equities picked up meaningfully during 2020 and 2021. A sharp market crash in March 2020 after the onset of COVID-19 pandemic lured individual investors into trading in equity markets, with a strong market rebound thereafter further strengthening their sentiments. Individual investors turned net buyers of Indian equities in 2020 after a 11-year long hiatus between 2009-19, further strengthening their participation in the subsequent two-and-a-half years. Between Jan 2020 and December 2022, they invested a total of Rs2.79trn in NSE's capital market segment (secondary market only). Strong individual participation over the last few years is also visible in new investor registrations. The last three years ending September 2023 saw an addition of 83.1m new Demat accounts by NSDL and CDSL combined. This is about 64% of outstanding accounts with both the depositories as of September 2023.

Direct individual participation moderated in the last quarter of 2022 and remained on sidelines in the first two quarters of 2023 as well. The September quarter, however, saw a reversal, with individuals turning net buyers once again with net inflows of Rs 216bn during the quarter—the highest in five quarters. This, in turn, resulted in an increase in individual holding in the quarter gone by. The buying sentiment continued in the month of October, with Rs 141bn invested by individual investors in the month.

Figure 25: Net inflows by individual investors in the NSE’s CM segment (2002-)



Source: NSE EPR.

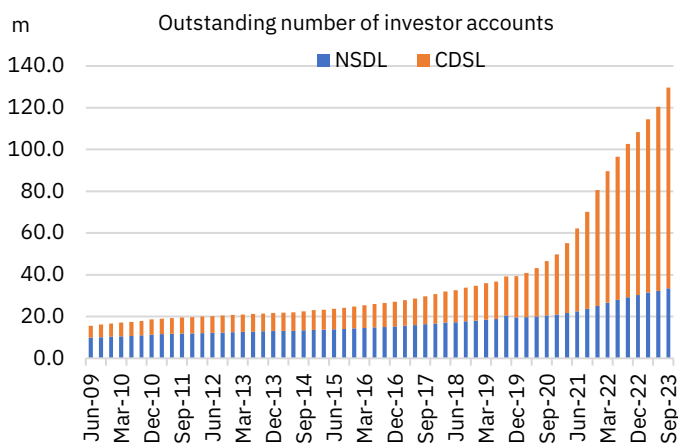
Note: 1. Note: Retail investors: individual domestic investors, NRIs, sole proprietorship firms and HUFs.

2. Net flows include investments in securities in EQ, BE, SM, and ST series including ETFs only.

3. Net flows are calculated as buy traded value – sell traded value.

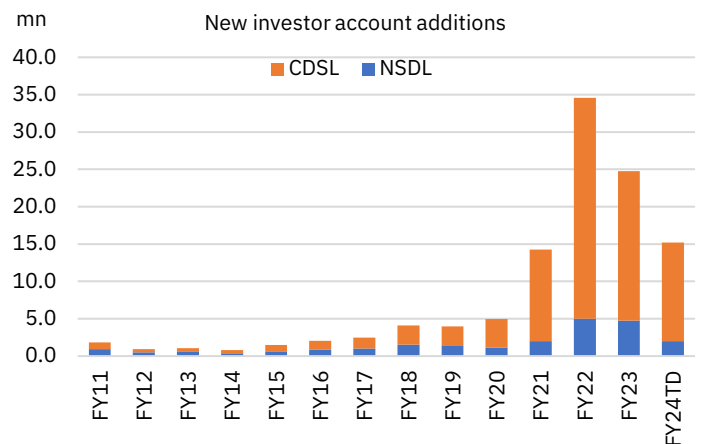
4. Data for 2023TD is for the period Jan'23-Nov'23.

Figure 26: Quarterly trend of number of investor accounts with depositories



Source: SEBI Bulletin, NSE EPR. Data for FY24TD is for the period Apr'23-Oct'23.

Figure 27: Annual trend of new investor account additions with depositories



Sector-wise ownership of the NSE-listed universe (September 2023): The sector-wise ownership pattern of the NSE-listed universe across key stakeholders in the quarter gone (Jul'23-Sep'23) shows that the Real Estate sector continues to lead in terms of promoter ownership at 65.9% (-48bps QoQ), followed by Utilities at 58.2% (+18bps QoQ), Materials at 56.2% (+17bps QoQ), Communication Services at 53.8% (-27bps QoQ), Information Technology at 53.6% (-20bps QoQ) and Industrials at 53.6% (-21bps QoQ). The increase in overall promoter share during this period was led by Financials, which saw

a 93bps QoQ increase to 40.9%, followed by Energy (+57bps QoQ to 15-quarter high of 52.0%) and Consumer Staples (+29bps QoQ to 50.2%).

Sector-wise, Utilities retained the top spot in terms of Government ownership for the third quarter in a row, with a 33bps QoQ increase to a 12-quarter high of 25.0%. Financials stood second, registering a significant 208bps QoQ jump in ownership to a nine-year high of 19.2%, partly attributed to outperformance of PSU banks compared to the financial sector at large (27.9% return for NIFTY PSU Banks vs 0% for NIFTY Financial Services for the September quarter). Government holding in the Energy sector increased by 274bps QoQ to a 15-quarter high of 18.8%, primarily led by steep rally in some of the Government owned companies including ONGC and Coal India.

The diversity in DMFs' share across sectors was fairly low, with Financials leading at 11.0% (-17bps QoQ), followed by Healthcare at 10.3% (+28bps QoQ), Consumer Discretionary at 10.3% (+25bps QoQ) and Communication Services at 9.8% (+34bps QoQ). Barring Financials and Industrials, all sectors saw an increase in the share of holdings by DMFs.

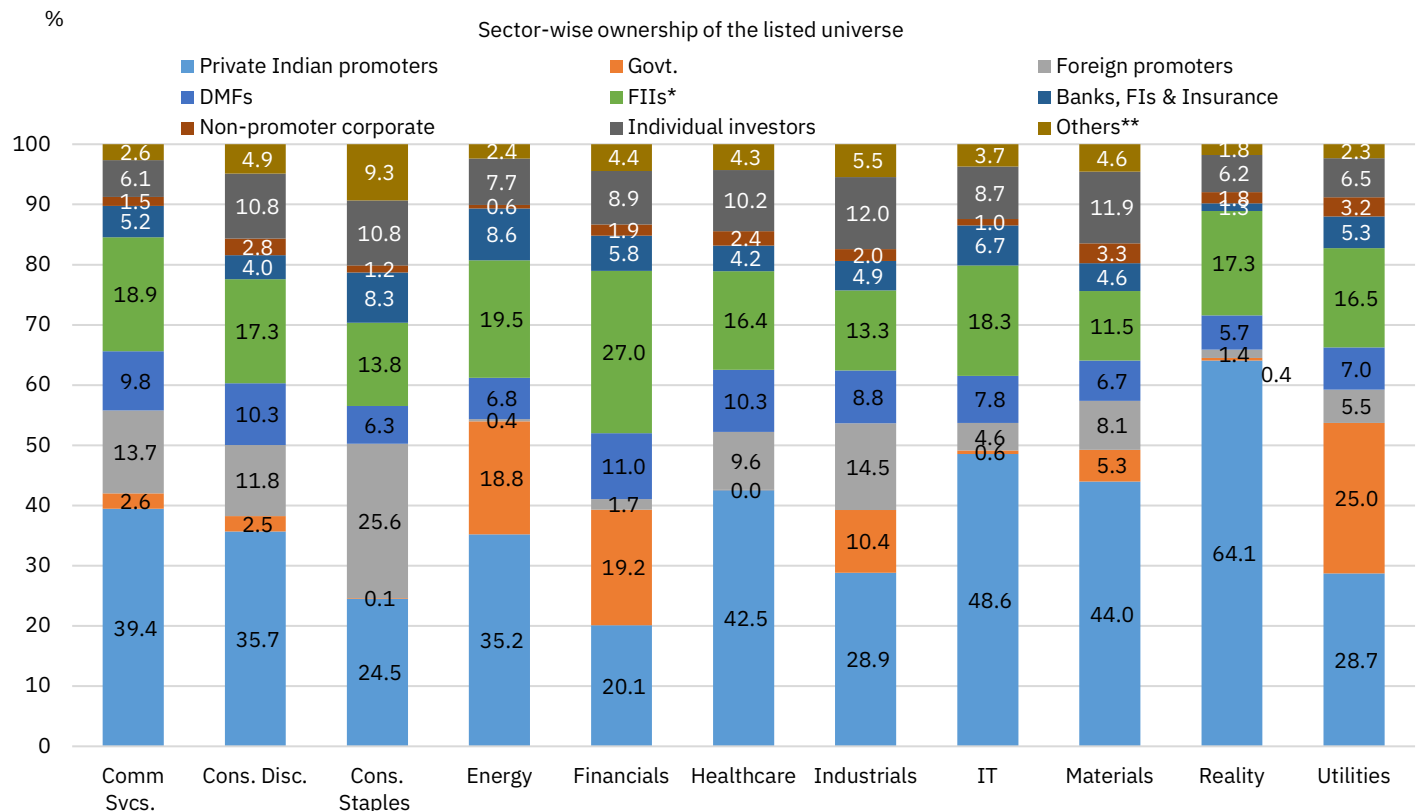
In terms of FII share, Financials sector leads with a 27.0% share, even as there has seen a meaningful drop in the September quarter (-159bps QoQ) as well as over the last three years (-9.0pp since December 2020). This is followed by Energy and Communication Services at 19.5% (-89bps QoQ) and 18.9% (-27bps QoQ) respectively. Materials had the lowest FII share in the September quarter at 11.5%. All sectors apart from Consumer Discretionary and Information Technology witnessed a decline in FII ownership in the September quarter.

Sector-wise, Utilities remained the top sector in terms of Govt. ownership with a 12.5pp increase over the last four quarters.

Financials remained at the top in terms of DMF ownership, followed by Healthcare and Consumer Discretionary.

Sector-wise, FII share is the highest in Financials at 27.0% but with a 9.0pp drop since Dec'20.

Figure 28: NSE-listed universe: Sector-wise ownership pattern across key stakeholders (September 2023)



Source: CMIE Prowess, NSE EPR. * FII ownership includes ownership through depository receipts held by custodians. **Others include other institutional and non-institutional non-promoter investors.

Sector allocation in the NSE-listed universe for key stakeholders (September 2023):

The table below shows sector allocation for key shareholder categories in all NSE-listed companies as of September 2023. Government ownership remains concentrated in Financials, Energy, Utilities, and Industrials, together accounting for almost 90% of the Government's allocation in the NSE listed space. Consumer sector—Discretionary and Staples—account for 42.4% (-137bps QoQ) of the exposure of foreign promoters to the NSE-listed space, followed by Industrials at 19.9% (+20bps QoQ).

Except for an outsized exposure to Financials, DMF portfolio remains more diversified as compared to FIIs. Both FIIs and DMFs saw their portfolio allocation to Financials significantly drop by over 1pp QoQ on the back of the relative underperformance of the sector compared to the rest of the listed space. The drop for DMFs was absorbed by Consumer Discretionary, Health Care, Industrials and Utilities.

For FIIs, the decline in Financials allocation was compensated for by a 54bps QoQ increase in portfolio allocation to Consumer Discretionary to 9.7%, followed by a 53bps QoQ increase in allocation to Industrials to a 12-year high of 8.3%. This indicates incrementally bullish view of FIIs on India's consumption as well as investment story.

Both DMFs and FIIs saw their portfolio allocation to Financials decreasing in Q2FY24.

Table 6: Sector allocation of the NSE-listed universe for key stakeholders (September 2023)

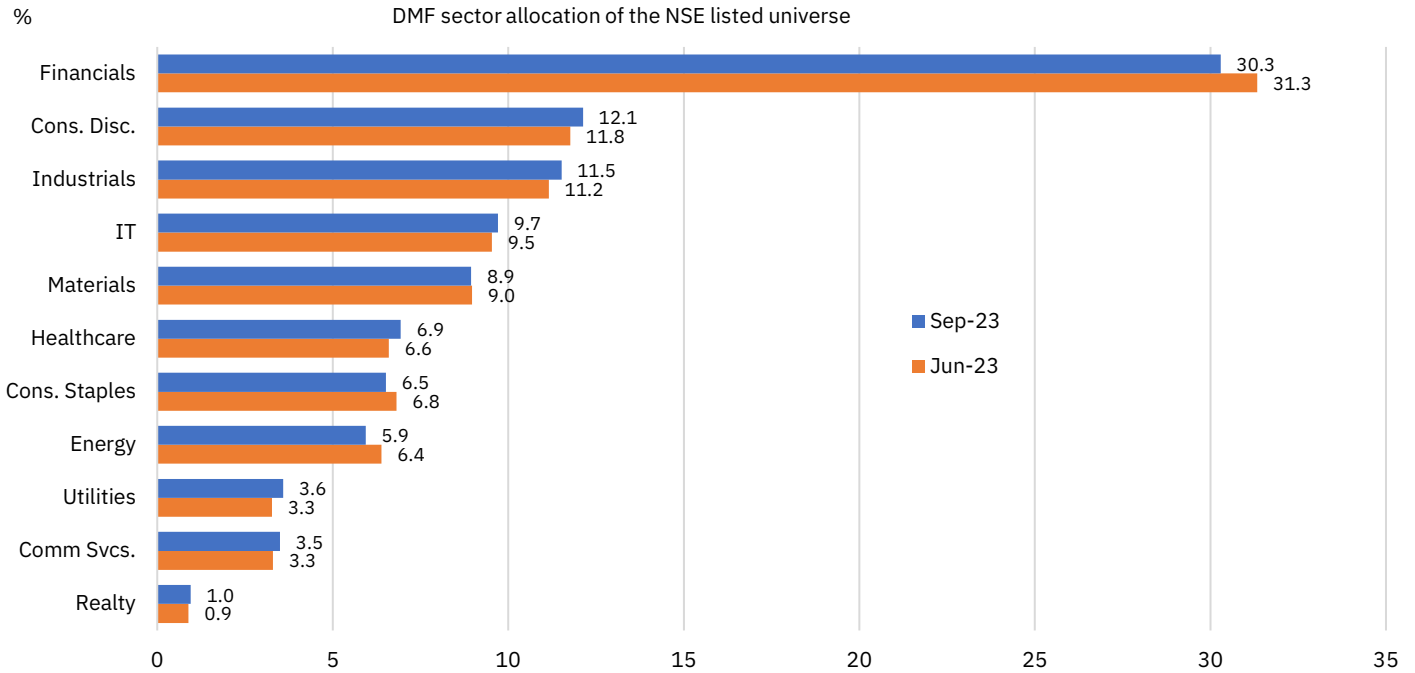
%	Pvt. Indian promoters	Govt	Foreign promoters	Domestic MFs	FIIs*	Banks, FIs, Insurance	Non-promoter corporate	Individual
Communication Services	3.7	0.9	5.1	3.5	3.2	2.8	2.3	1.9
Consumer Discretionary	11.2	2.8	14.7	12.1	9.7	7.2	14.6	11.5
Consumer Staples	6.7	0.1	27.8	6.5	6.8	13.2	5.4	10.1
Energy	8.1	15.1	0.3	5.9	8.0	11.5	2.3	6.0
Financials	14.7	49.3	5.0	30.3	35.4	24.6	23.0	22.1
Health Care	7.6	0.0	6.8	6.9	5.2	4.4	7.2	6.2
Industrials	10.0	12.7	19.9	11.5	8.3	9.8	11.5	14.2
Information Technology	15.9	0.7	5.9	9.7	10.8	12.7	5.7	9.8
Materials	15.4	6.5	11.3	8.9	7.3	9.4	19.3	14.3
Real Estate	2.8	0.1	0.2	1.0	1.4	0.3	1.4	0.9
Utilities	3.9	11.9	2.9	3.6	4.0	4.1	7.3	3.0
Grand Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: CMIE Prowess, NSE EPR. * FII ownership includes ownership through depository receipts held by custodians.

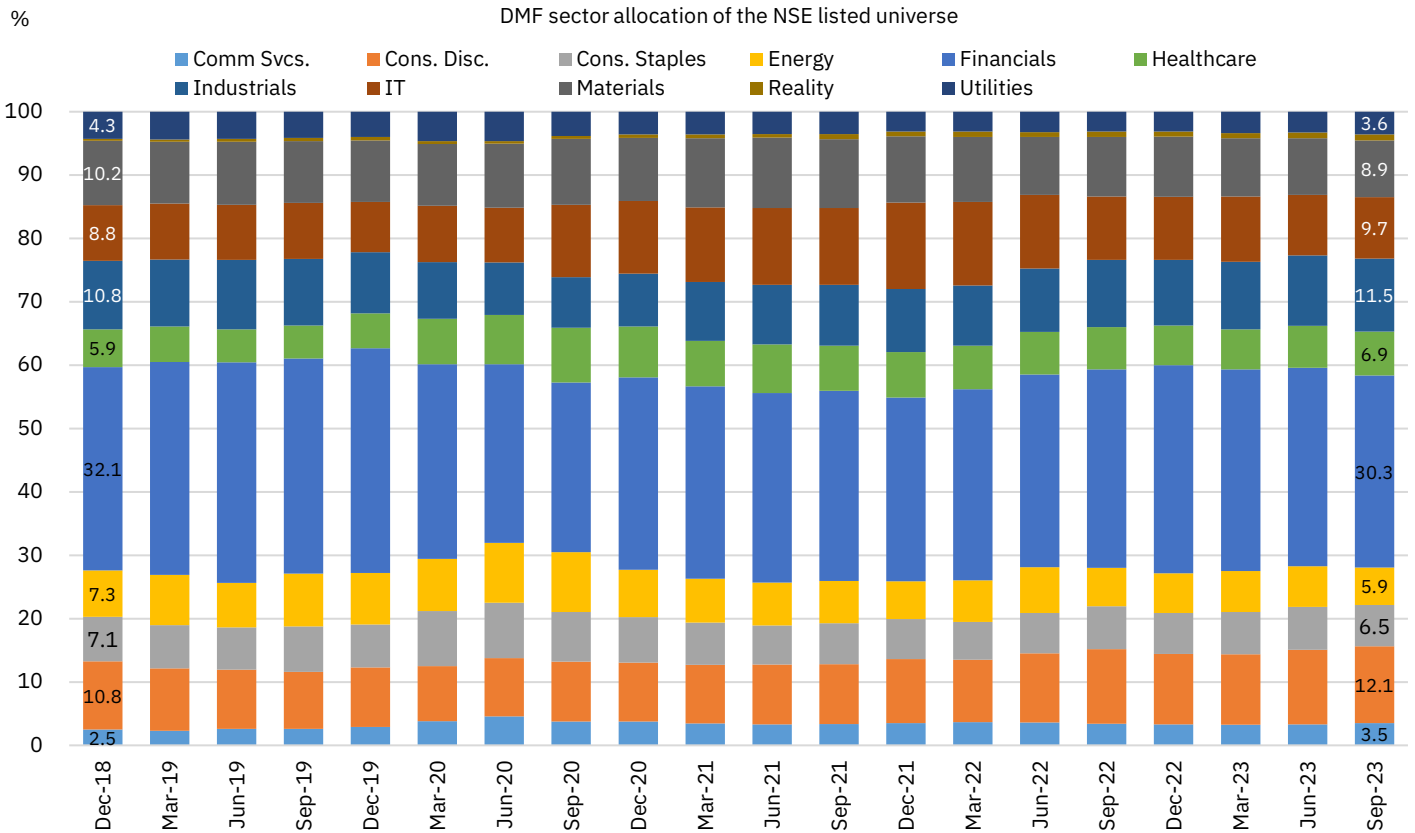
DMFs' allocation in Financials moderated further; Industrials and Consumer Discretionary saw an increase:

DMF exposure to Financials declined by 104bps QoQ to a six-quarter low of 30.3% in the September quarter, marking the third consecutive drop. DMFs also trimmed allocation to Energy by 45bps QoQ to a 21-quarter low of 5.9%, and to Consumer Staples by 30bps QoQ to 6.5%. A part of this attributed to relative underperformance of these sectors in comparison to the broader listed universe. In fact, Energy and Consumer Staples were the only sectors to witness a contraction in their respective aggregate market capitalisations in the September quarter. Reduced allocation to these sectors was taken up by an increase in allocation to Consumer Discretionary (+36bps to 12.3%), Industrials (+36bps to 11.5%), Healthcare (+34bps to 6.9%) and Utilities (+31bps to 3.6%).

Sectors where DMFs broadly maintained their exposure at a portfolio level within the NSE listed universe included Materials and Real Estate.

Figure 29: DMF sector allocation of the NSE-listed universe (June 2023 vs. September 2023)


Source: CMIE Prowess, NSE EPR.

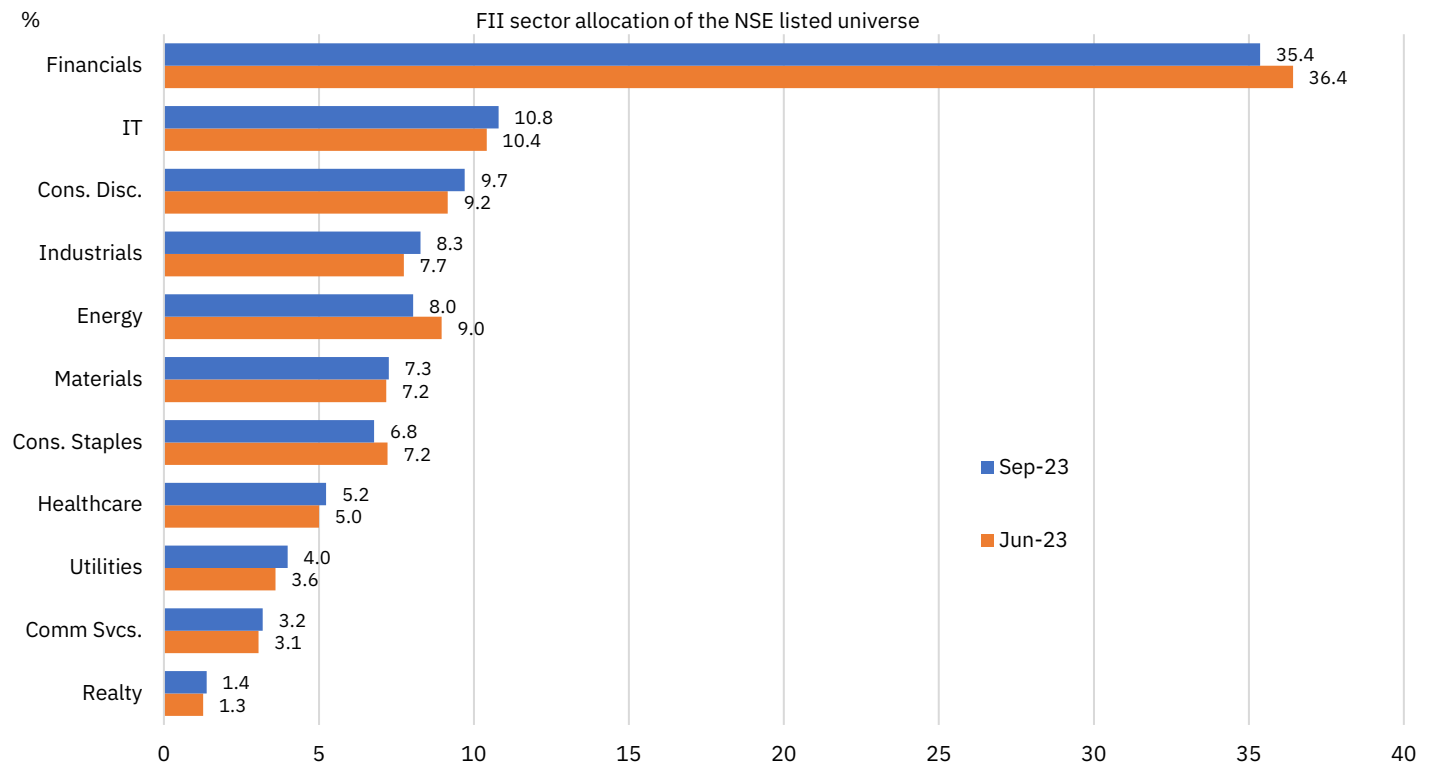
Figure 30: DMF sector allocation of the NSE-listed universe over last five years


Source: CMIE Prowess, NSE EPR.

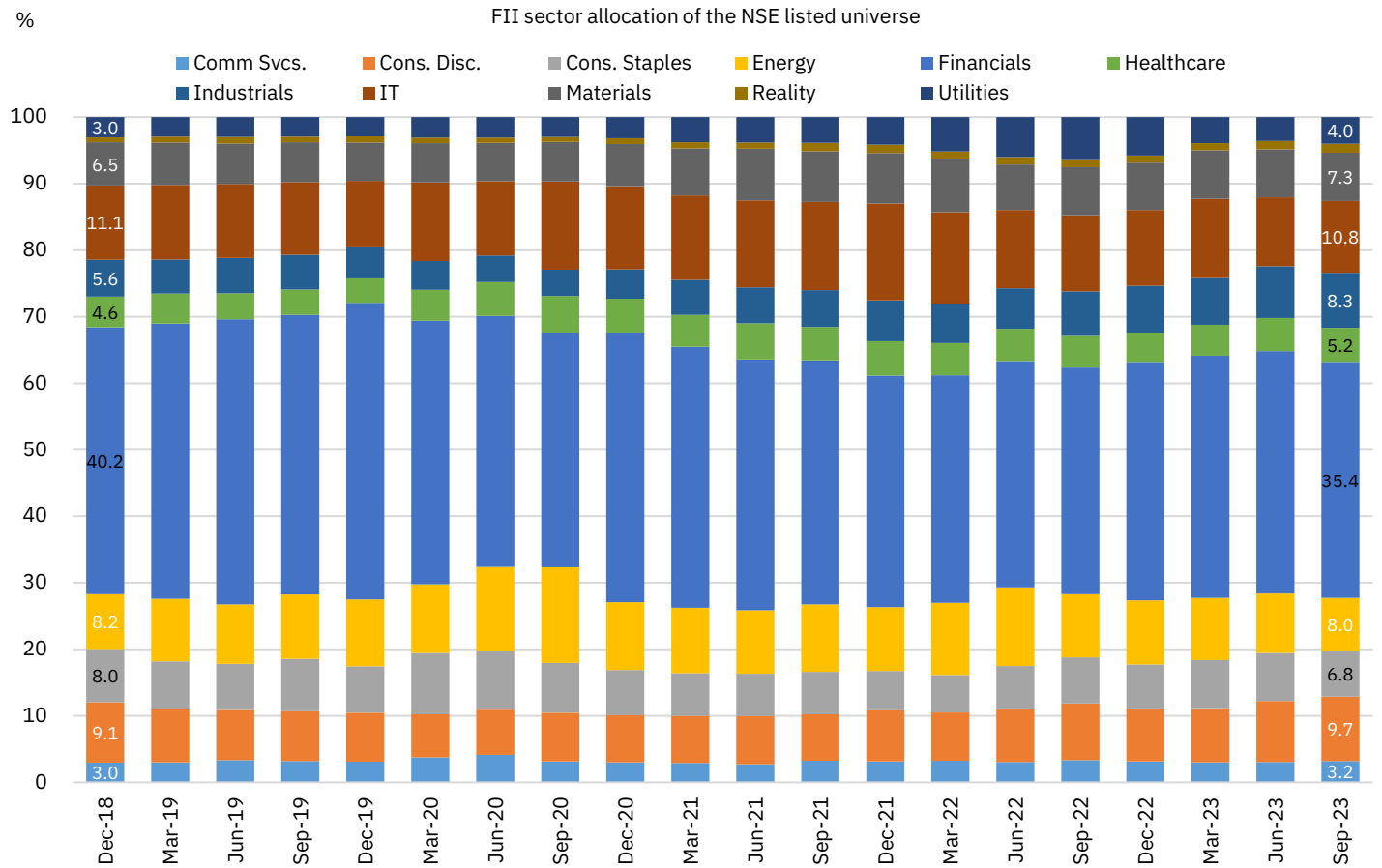
FII's portfolio rejig in the NSE listed universe was in line with DMFs: After rising by a steep 2.4pp in the previous four quarters, FIIs' portfolio allocation to Financials dipped by about 110bps QoQ in the September quarter to 35.4%, partly reflecting the impact of relative underperformance of the sector during this period. FIIs also saw their exposure to Energy and Consumer Staples dipping by 92bps and 44bps QoQ to 8% (21-quarter low) and 6.8% respectively. The highest jump in FII portfolio allocation was seen in Consumer Discretionary, which increased by 54bps QoQ to 9.7%, corroborating with strong rally seen in Automobile companies. In line with DMFs, FIIs also increased their exposure to Industrials (+53bps QoQ to a 49-quarter high of 8.3%), Utilities (+39bps QoQ to 4%), Information Technology (+38bps QoQ to 10.8%) and Healthcare companies (+24bps QoQ to 5.2%). Sectors within the NSE listed universe that saw FII allocation remaining broadly steady on a QoQ basis include Materials, Real Estate and Communication Services.

FII portfolio allocation to Financials, Energy and Consumer Staples declined in the September quarter, partly attributed to relative underperformance of these sectors during this period.

Figure 31: FII sector allocation of the NSE-listed universe (June 2023 vs. September 2023)



Source: CMIE Prowess, NSE EPR. * FII ownership includes ownership through depository receipts held by custodians

Figure 32: FII sector allocation of the NSE-listed universe over last five years


Nifty 50 ownership trends

Ownership pattern of the Nifty 50 universe (September 2023)

Promoter stake in the Nifty 50 universe remained unchanged in the September quarter: After steadily trending downwards between September 2021 and March 2023, overall promoter share in the Nifty 50 universe marginally increased in the June quarter, and their share remained constant in the September quarter at 41.8%. A sharp increase in Government stake in the quarter gone by was almost entirely offset by a dip in private Indian and foreign promoter share. While Private promoter ownership dipped by 48bps QoQ to a 14-quarter low of 29.4%, foreign promoter shareholding fell by a modest 5bps QoQ to 6.5%.

Government promoter share, on the other hand, rose by the commensurate 53bps QoQ to a 14-quarter high of 5.8% in the September quarter. This primarily reflected the impact of a huge rally seen in some of the Government owned companies in the quarter, particularly in the Utilities (NTPC) and Energy space (ONGC, Coal India). All these three companies reported gains of about 20-30% in the September quarter, much higher than the 2.3% return generated by the Nifty 50 Index. In fact, the Government share in these companies actually remained unchanged on a QoQ basis. Excluding these three, Government share in the Nifty 50 Index rose by a much lower 9bps QoQ.

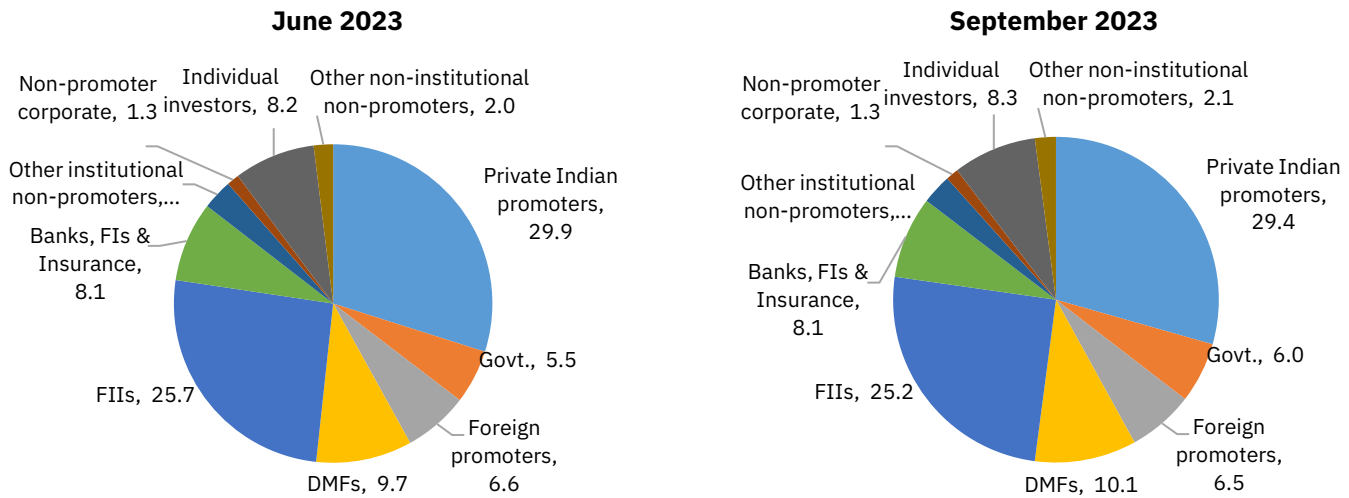
Institutional ownership declined marginally: After remaining broadly unchanged for three consecutive quarters, FII share in the Nifty 50 Index dipped by 48bps QoQ to a five-quarter low of 25.2%. This is nearly 3.3pp away from the highest FII holding of 28.5% witnessed in the pre-covid period in December 2019. This dip was seen despite strong-yet-tapered net foreign capital inflows during the quarter. Nearly half of the Nifty 50 companies saw a decline in FII share in the September quarter. The drop in aggregate share was primarily led by merger of HDFC Ltd. with HDFC Bank during the quarter, as well as a significant sell-off in FII-heavy stocks including Reliance Industries, Adani Enterprises and Kotak Mahindra Bank. Excluding these four, FII ownership of the Nifty 50 universe fell by a much lower 22bps QoQ to 22.3%.

DMFs, on the other hand, saw a 35bps QoQ rise in the September quarter to a record-high share of 10.1%, in line with the increase seen in the broader listed universe as well. The share of Banks, Financials Institutions and Insurance remained stable at 8.1%, 4.7pp shy of the peak share seen almost 20 years back. Consequently, overall institutional ownership in the Nifty 50 universe declined by 20bps QoQ to 46.4% in the September quarter.

Individual investors' ownership inched up in Nifty 50: Individual investors' holding in the Nifty 50 Index increased marginally by 6bps QoQ to 8.3%, albeit much lower than 31bps increase in the overall listed universe. While this is in line with strong inflows by individual investors during the quarter, a relatively smaller increase in Nifty 50 indicates higher retail buying in mid- and small-cap companies. Individual investors' share in the Nifty 50 companies now is merely 25bps shy of the 15-year high share of 8.6% in the quarter ending June 2022. Out of 50 stocks, 35 of them witnessed an increase in individual ownership in the quarter gone by.

Promoter share remained constant in the September quarter, with an increase in private promoter share offset by a dip in government and foreign promoter share.

FII share in Nifty 50 moderated to 25.2% while, DMF holding reached an all-time high level of 10.1% in the September quarter.

Figure 33: Nifty 50: Ownership pattern by total market cap (%)


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

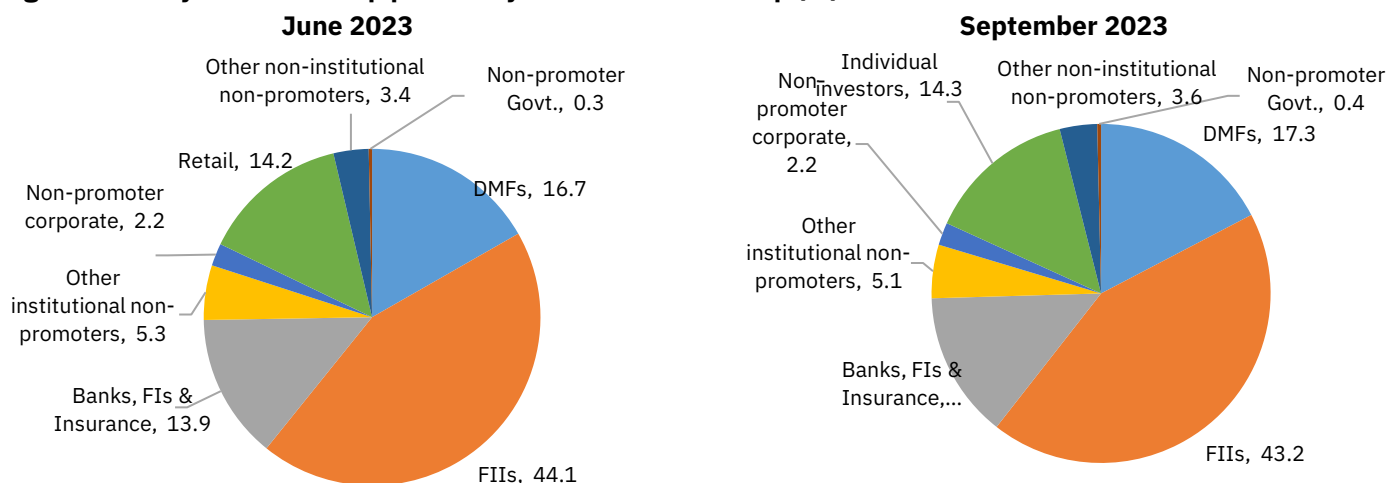
Table 7: Nifty 50: Ownership trend across key stakeholders by total market cap over the last three years

%	Private Indian promoters	Govt	Foreign promoters	Domestic MFs	Banks, FIs & Insurance	FII* *	Non-promoter corporate	Individual investors	Others**
Dec-20	30.9	4.9	7.3	8.0	6.5	27.5	2.6	8.0	4.3
Mar-21	31.2	5.0	6.9	7.9	6.6	27.4	2.7	8.1	4.4
Jun-21	31.6	5.2	6.5	8.0	6.5	26.9	2.7	8.2	4.5
Sep-21	32.2	5.2	6.4	8.1	5.9	26.5	2.6	8.1	5.0
Dec-21	32.4	5.1	6.1	8.5	5.9	25.9	2.6	8.3	5.2
Mar-22	32.5	5.1	5.7	8.9	6.1	25.4	2.6	8.5	5.2
Jun-22	31.3	5.3	6.5	9.4	6.5	24.8	2.7	8.6	4.9
Sep-22	31.2	5.3	6.8	9.3	8.0	25.2	1.7	8.3	4.2
Dec-22	30.9	5.5	6.4	9.5	8.0	25.7	1.2	8.1	4.6
Mar-23	29.8	5.6	6.6	9.9	8.2	25.6	1.2	8.3	4.8
Jun-23	29.9	5.5	6.6	9.7	8.1	25.7	1.3	8.2	5.0
Sep-23	29.4	6.0	6.5	10.1	8.1	25.2	1.3	8.3	5.0
QoQ change	-48bps	55bps	-5bps	35bps	2bps	-48bps	0bps	6bps	2bps

Source: CMIE Prowess, NSE EPR. Note: Ownership across promoters and non-promoters are based on total market cap and add up to 100. *FII ownership includes ownership through depository receipts held by custodians. ** Others include other institutional non-promoters, other non-institutional non-promoters and government non-promoters.

In terms of floating stock, FII share in the Nifty 50 Index dropped by a steep 82bps QoQ to a 12-year low of 43.2%. This is 8.6pp away from the highest share of 51.8% in December 2014. The share of DMFs in the Nifty 50 free float market cap increased by 60bps to reach an all-time high of 17.3% and is now 2.9pp higher than the pre-pandemic share (December 2019).

The share of Banks, Financial Institutions, and Insurance companies, however, remained fairly steady at 14.0% for the fifth quarter in a row, while it declined in the broader listed universe, partly reflecting their cautious view on mid- and smaller companies. After remaining at 80% in the previous three quarters, overall institutional ownership in the Nifty 50 floating stock moderated by 35bps QoQ to 79.6%, even as it is still 4.5pp higher than the pre-pandemic share (Since March 2020). Overall, a huge jump in institutional share in the Nifty50 floating stock of about 5.7pp since Dec-21 has primarily come at the expense of reduced share for non-promoter corporates and other non-institutional non-promoter investors.

Figure 34: Nifty 50: Ownership pattern by free float market cap (%)


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Table 8: Nifty 50: Ownership trend across key stakeholders by free float market cap over last the three years

%	Domestic MFs	Banks, FIs & Insurance	FIIs*	Non-promoter corporate	Individual Investors	Others**
Dec-20	13.9	11.5	48.2	4.6	14.0	7.8
Mar-21	13.8	11.5	47.9	4.7	14.2	7.8
Jun-21	14.0	11.4	47.3	4.8	14.5	8.0
Sep-21	14.4	10.4	47.0	4.6	14.4	9.1
Dec-21	15.0	10.4	45.8	4.6	14.8	9.4
Mar-22	15.7	10.7	44.8	4.6	14.9	9.3
Jun-22	16.5	11.4	43.5	4.8	15.0	8.8
Sep-22	16.4	14.1	44.3	3.0	14.6	7.7
Dec-22	16.5	13.9	44.8	2.1	14.2	8.4
Mar-23	17.1	14.1	44.0	2.0	14.3	8.5
Jun-23	16.7	13.9	44.1	2.2	14.2	8.9
Sep-23	17.3	14.0	43.2	2.2	14.3	9.0
QoQ change	60bps	3bps	-82bps	0bps	11bps	9bps

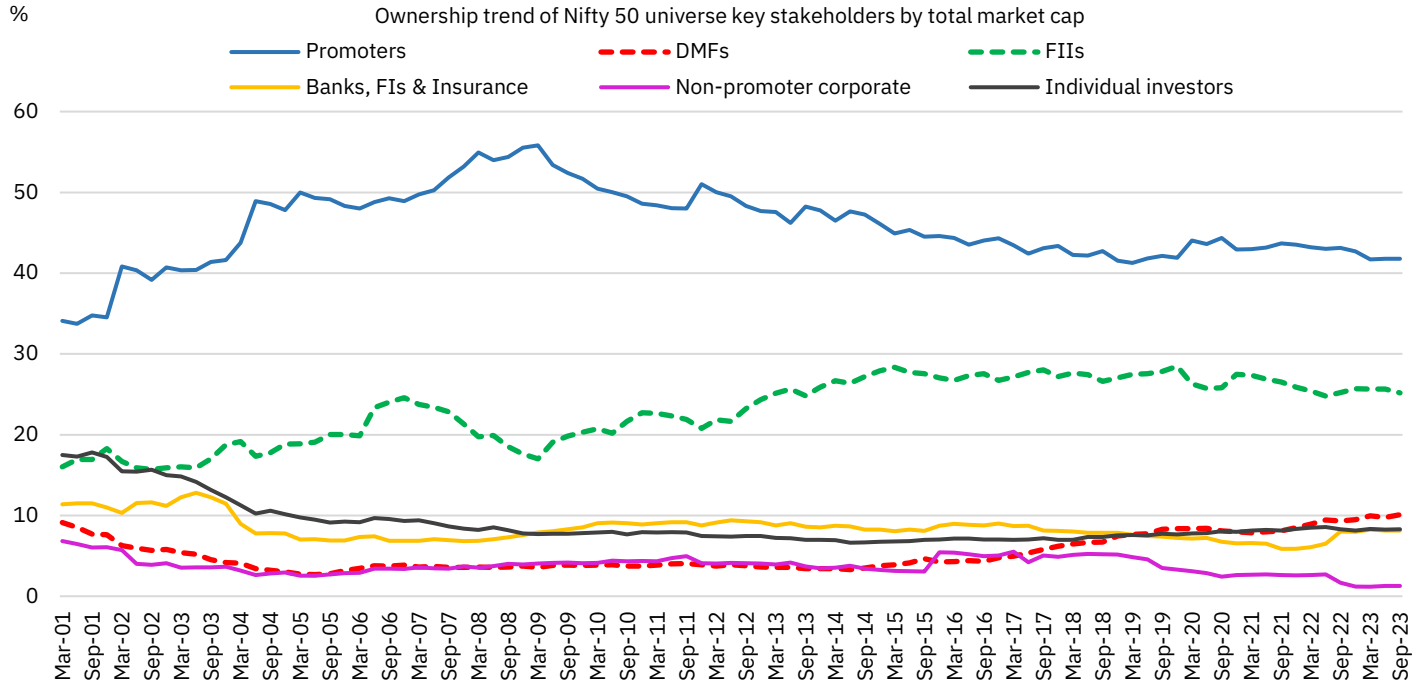
Source: CMIE Prowess, NSE EPR. Note: Ownership across key non-promoter stakeholders is based on free float market cap and add up to 100. *FII ownership includes ownership through depository receipts held by custodians. ** Others include other institutional non-promoters, other non-institutional non-promoters and government non-promoters.

Long-term ownership trend of the Nifty 50 universe: The long-term ownership trend of the Nifty 50 Index echoes the trend seen in the broader listed universe. Overall promoter ownership has seen a steady decline since 2009 until March 2019, only to see a gradual increase over the next one-and-a-half years and decline thereafter. The decline in promoter share between 2019 and 2019 was primarily led by a sharp drop in Government ownership, even as private Indian promoters' holding increased during this period. Foreign promoters' share, on the other hand, has remained broadly steady barring the post-COVID volatility.

The DMF ownership has seen a sharp increase since 2014 barring the drop in 2020 and is currently only marginally lower than the peak seen over the last 22 years. FII ownership saw a steady increase since the Global Financial crisis until early 2015, reaching the highest level of 28.3% in Mar-15 only to hover around similar levels until Dec-19. Since the onset of the pandemic, FII share has been gradually falling barring a significant increase in the fourth quarter of 2020. Contrary to the overall NSE-listed universe,

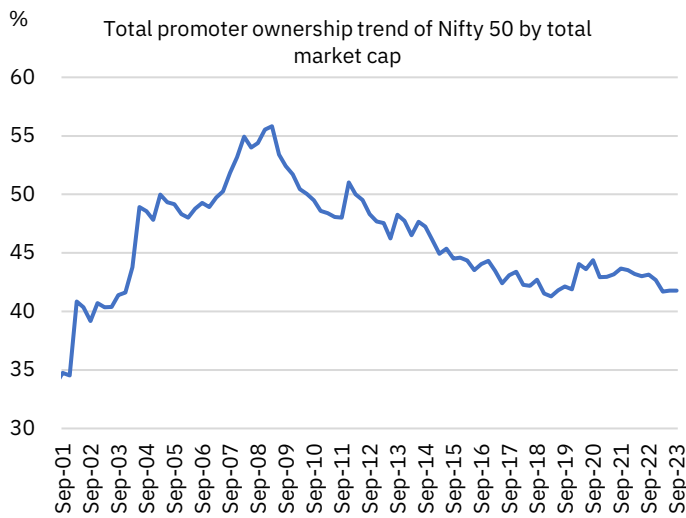
individual investors' ownership in the Nifty 50 Index has been steadily rising over the last eight years, barring a modest drop over the last few quarters.

Figure 35: Nifty 50: Long-term ownership trend across key stakeholders by total market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 36: Total promoter ownership trend of the Nifty 50 universe by total market cap



Source: CMIE Prowess, NSE EPR.

Figure 37: Indian and foreign promoter ownership trend of the Nifty 50 universe by total market cap

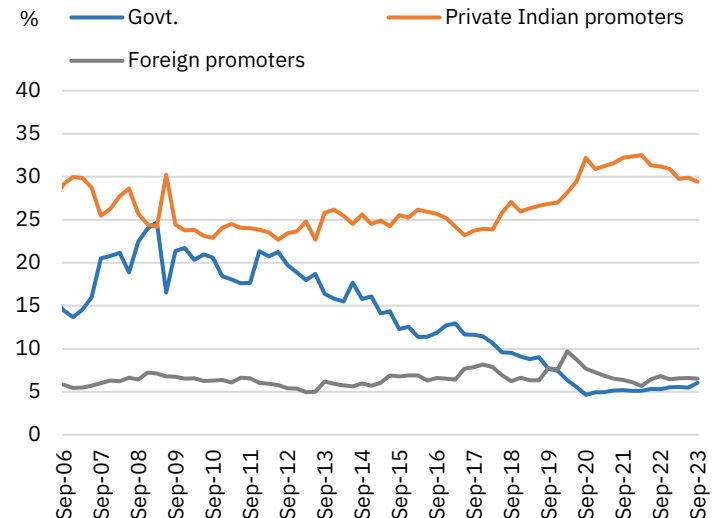


Figure 38: DMF ownership trend of Nifty 50 universe by total market cap

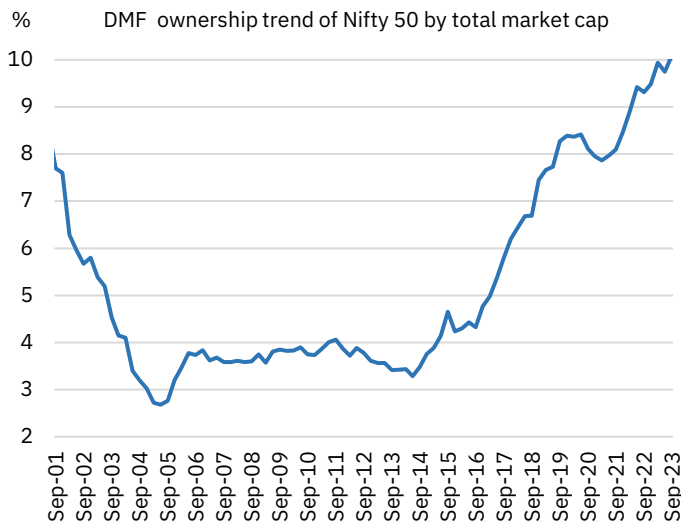
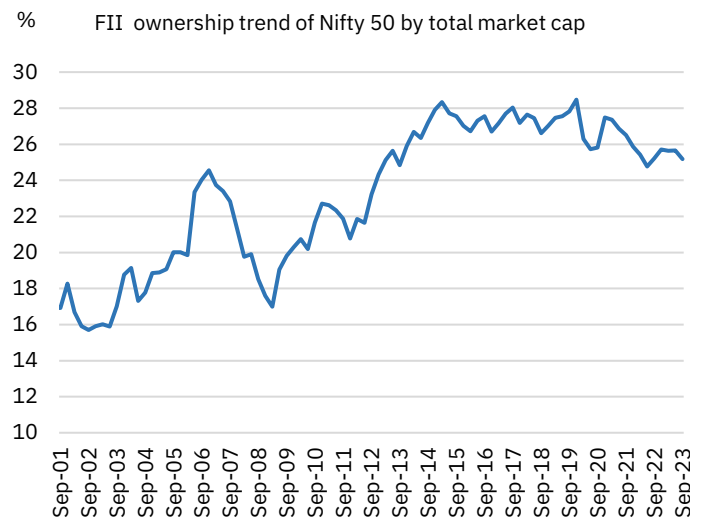


Figure 39: FII ownership trend of Nifty 50 universe by total market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 40: Banks, FIs & Insurance ownership trend of Nifty 50 universe by total market cap

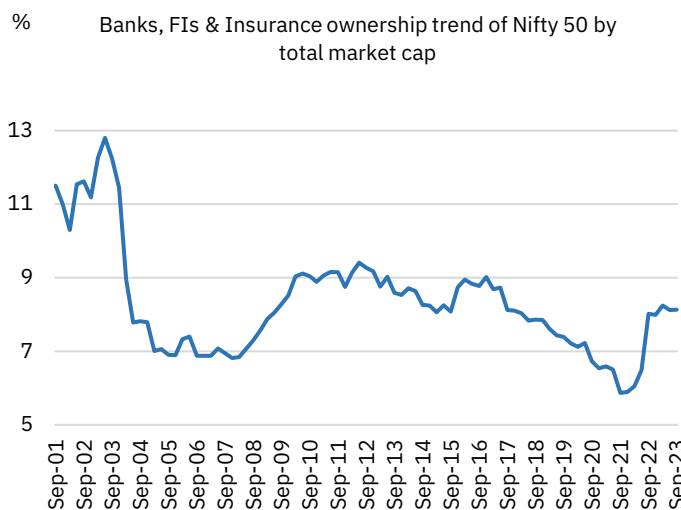
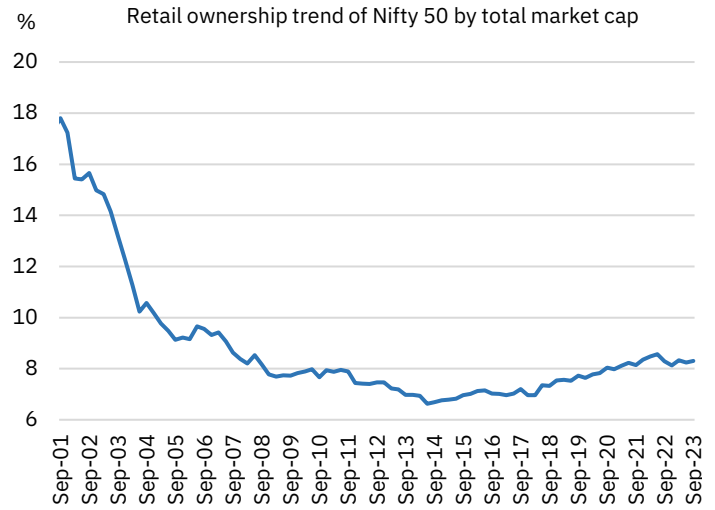


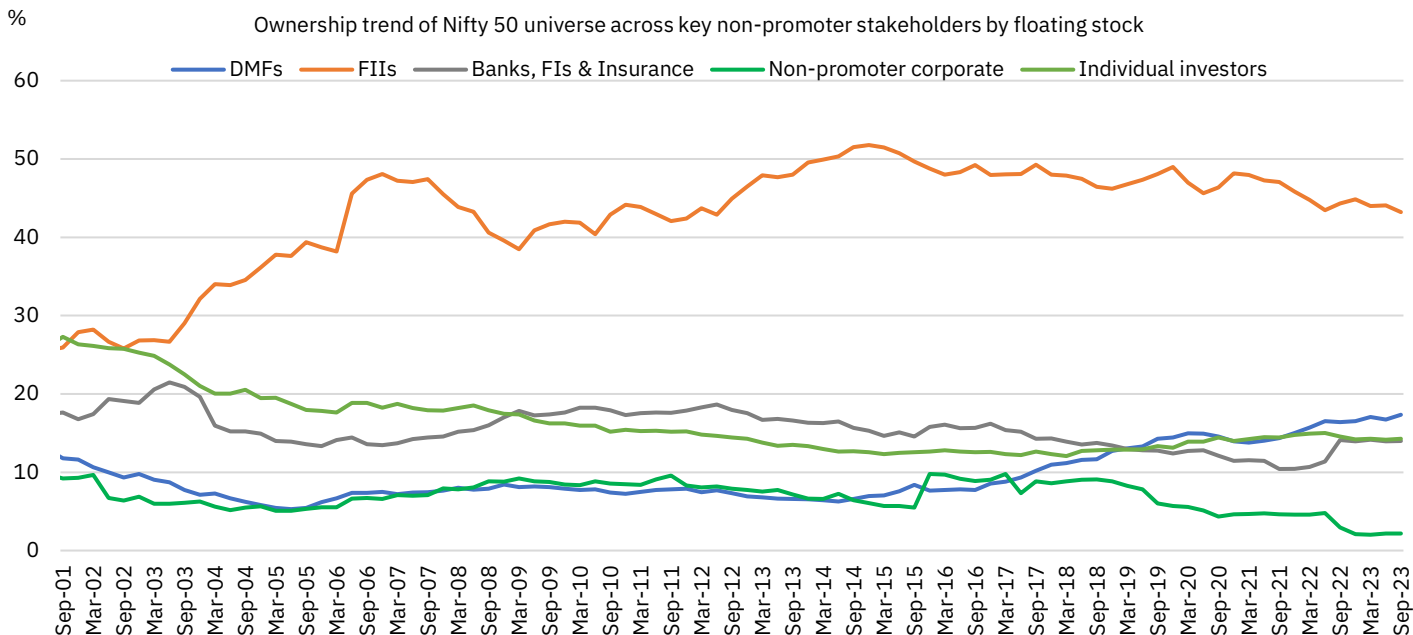
Figure 41: Retail ownership trend of Nifty 50 universe by total market cap



Source: CMIE Prowess, NSE EPR.

Our long-term ownership analysis on the free float market cap of the Nifty 50 Index also shows that while DMF ownership is currently at the highest ever level, FII ownership is nearly 8.6pp lower than the peak of 51.8% seen in December 2014.

Figure 42: Nifty 50: Long-term ownership trend across key stakeholders by free float market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 43: DMF ownership trend of the Nifty 50 universe by free float market cap

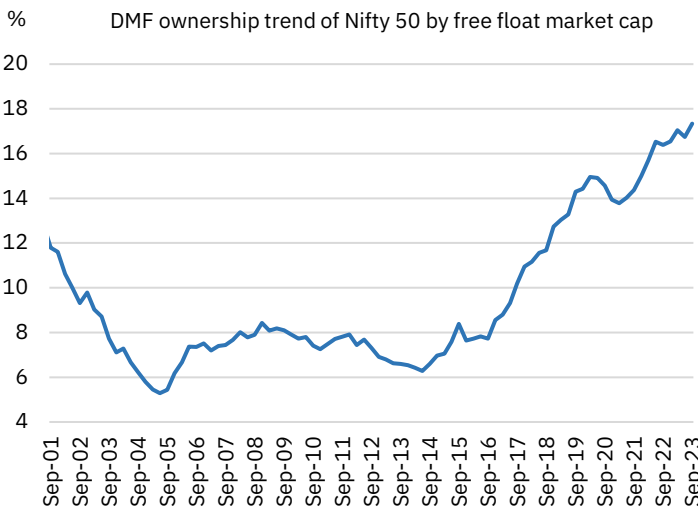
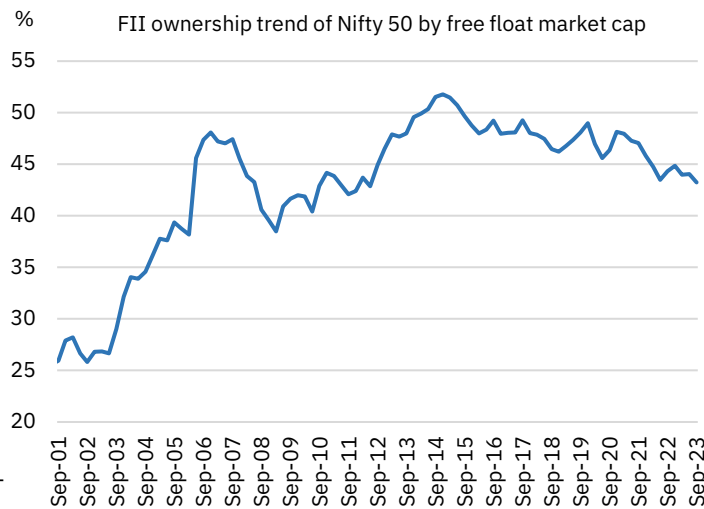
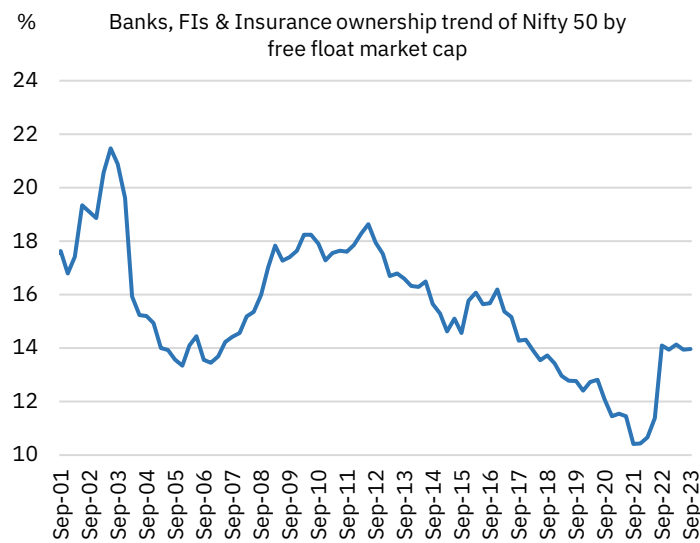
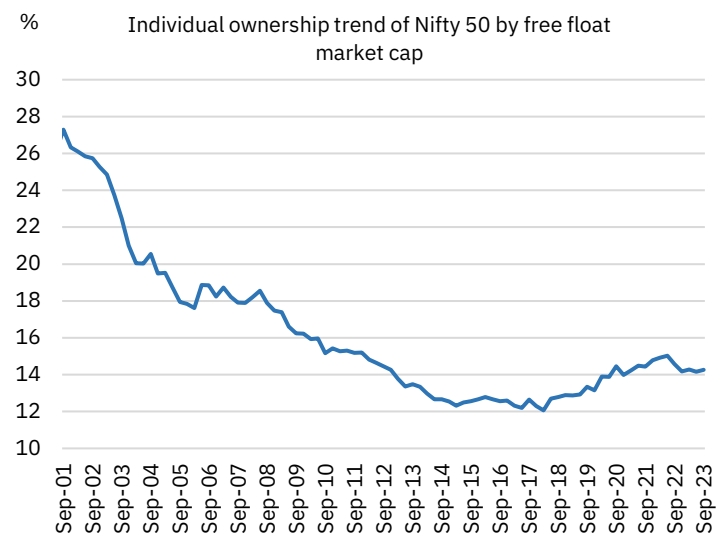


Figure 44: FII* ownership trend of the Nifty 50 universe by free float market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 45: Banks, FIs & Insurance ownership trend of the Nifty 50 universe by free float market cap

Figure 46: Individual ownership trend of the Nifty 50 universe by free float market cap


Source: CMIE Prowess, NSE EPR.

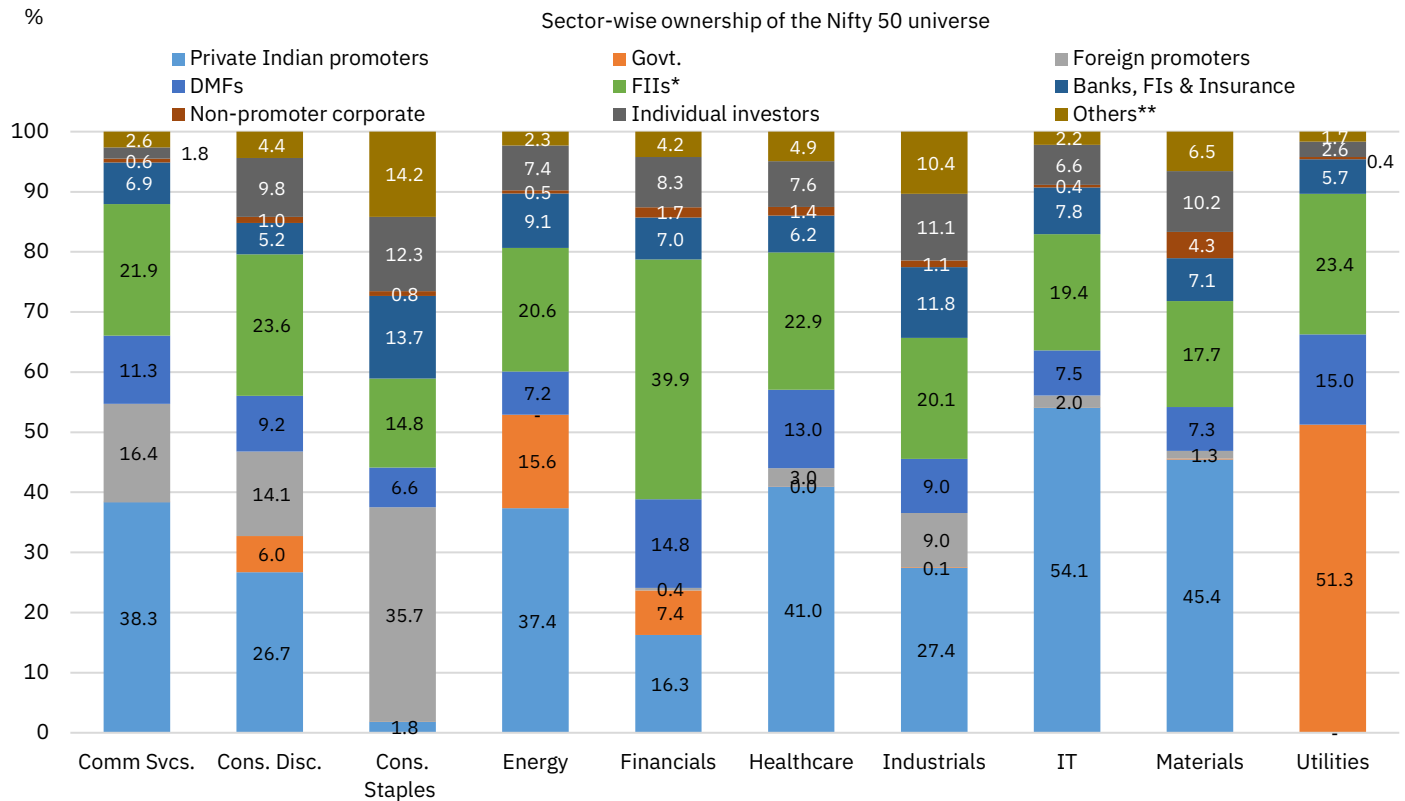
Sector-wise ownership of the Nifty 50 universe (September 2023): In the quarter ending September 2023, Information Technology within the Nifty 50 universe had the highest promoter ownership at 56.1% (+63bps QoQ)—the highest in 13 quarters. This is followed by Communication Services at 54.8% (-22bps QoQ), Energy at 51.6% (+63bps QoQ) and Utilities at 51.2%. Utilities remained the top sector in terms of Government share within the Nifty 50 Index at 51.3%, followed by Energy, which saw a 2.8pp QoQ jump to 15.6%, thanks to a strong rally in some of the Government-owned companies and a sharp decline in the market cap of Reliance Industries.

DMF ownership increased across all sectors, with Utilities retaining the top spot in terms of ownership for the third quarter in a row, seeing a 52bps QoQ increase to record high level of 15.0% in the September quarter. Financials stood second with an all-time high DMF share of 14.8% (+71bps QoQ), followed by Health Care (+26bps QoQ to 13.0%; all time high) and Communication Services (+27bps QoQ to 11.3%).

Barring Consumer Discretionary, Communication Services, Healthcare and Financials, all other sectors have seen the FII share in the sector's market capitalisation fall in the September quarter. Financials remained the biggest non-promoter owners of Financials, accounting for 39.9% (+72bps QoQ) of the total market capitalization of the sector within the Nifty 50 universe. This is followed by Consumer Discretionary (+11bps to 23.6%), Health Care (-7bps to 22.9%) and Communication Services (+38bps to 21.9%).

DMF share in the Nifty 50 universe increased across all sectors, with shares in Healthcare, Financials and Consumer Discretionary reaching all-time highs.

FII's have remained the biggest non-promoter owners of Financials for yet quarter, bolstered by a 72bps increase in share from the previous quarter.

Figure 47: Nifty 50: Sector-wise ownership pattern across key stakeholders (September 2023)


Source: CMIE Prowess, NSE EPR.

* FII ownership includes ownership through depository receipts held by custodians **Others include other institutional and non-institutional non-promoter investors

Sector allocation of the Nifty 50 universe for key shareholders (September 2023): The table below shows the sector allocation for key stakeholders in Nifty 50 companies as of September 2023. The concentration of Government ownership in Financials, Energy and Utilities sector is much higher at 91.2% in the Nifty 50 universe vs 76.4% in the overall listed universe. The Consumer sector—Staples and Discretionary, and Communication Services together accounted for 72.7% of the exposure of foreign promoters to the Nifty 50 companies as of September 2023.

In the case of institutional investors, DMFs have a much higher exposure to Financials at 39.1% in the Nifty 50 Index vs. 30.3% in the NSE-listed universe, even as the exposure in both universes declined for the fourth consecutive quarter. DMFs' exposure to Financials within Nifty50 companies is now 5.7pp lower than the two-decadal high share of 44.8% in the quarter ending December 2019. FIIs' portfolio allocation to Financials within the Nifty 50 universe declined as well after five consecutive quarters of increase, and now stands much higher than the DMF share at 42.4%.

Table 9: Sector allocation of the Nifty 50 universe for key stakeholders (September 2023)

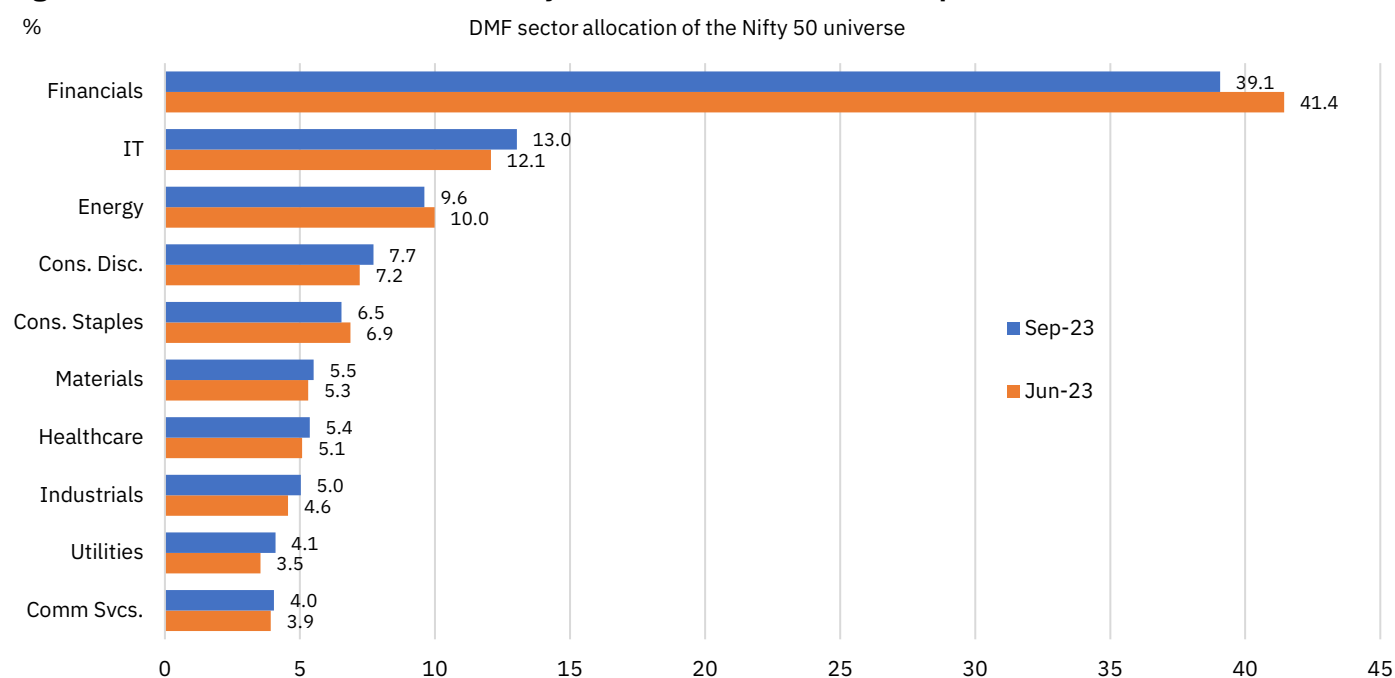
%	Private Indian promoters	Govt	Foreign promoters	Domestic MFs	FIIIs*	Banks, FIs & Insurance	Non-promoter corporate	Individual Investors
Communication Services	4.7	0.0	9.0	4.0	3.1	3.1	1.8	0.8
Consumer Discretionary	7.7	8.4	18.2	7.7	7.9	5.4	6.7	10.0
Consumer Staples	0.6	0.0	54.5	6.5	5.9	16.9	6.4	14.8
Energy	17.2	34.9	0.0	9.6	11.0	15.1	5.7	12.1
Financials	14.8	32.9	1.7	39.1	42.4	22.9	36.3	26.8
Health Care	5.8	0.0	1.9	5.4	3.8	3.2	4.8	3.8
Industrials	5.3	0.1	7.7	5.0	4.5	8.2	4.9	7.5
Information Technology	32.3	0.0	5.5	13.0	13.5	16.7	6.3	14.0
Materials	11.8	0.2	1.5	5.5	5.3	6.7	26.3	9.3
Utilities	0.0	23.4	0.0	4.1	2.6	1.9	0.9	0.8
Grand Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

DMFs continued to trim their outsized exposure on Financials and turned less bearish on Consumer Staples:

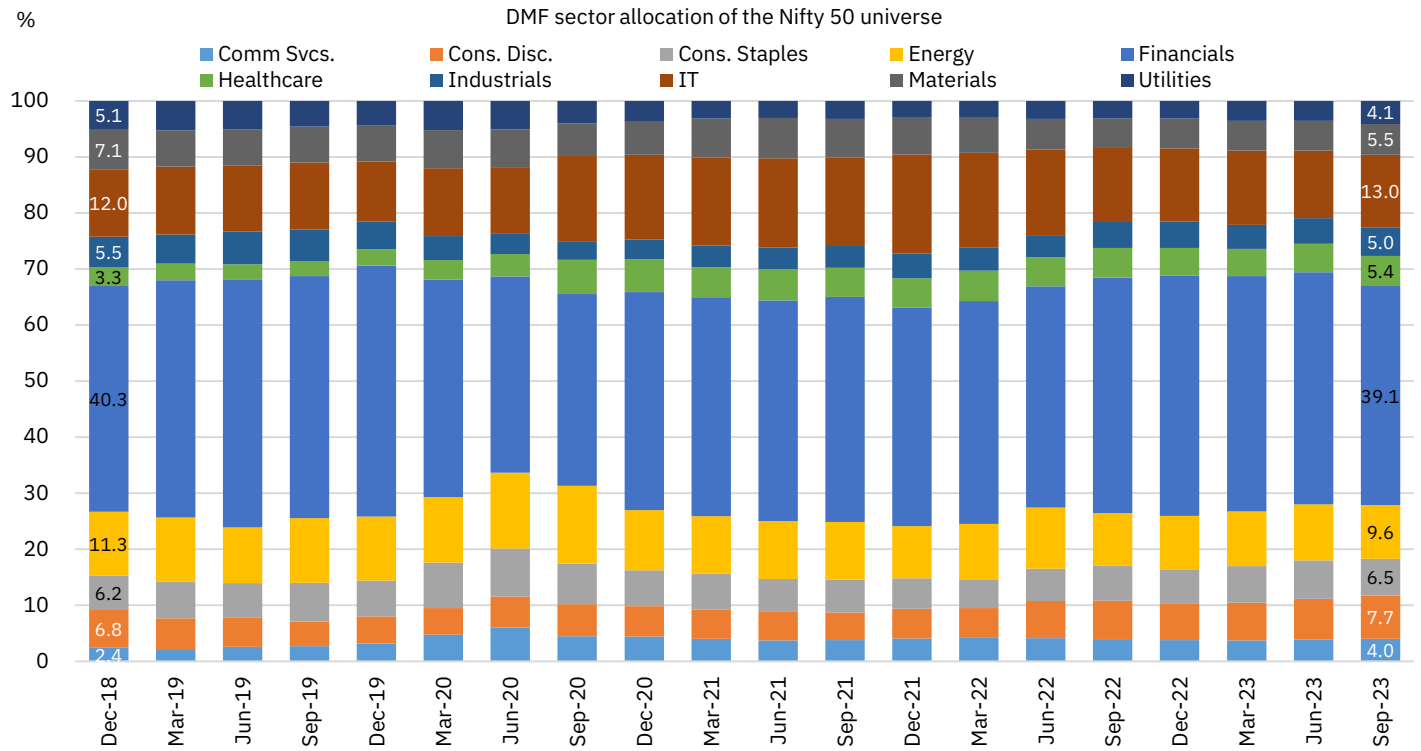
While DMFs retained their big OW position on Financials, their exposure to the sector was trimmed for the fourth consecutive quarter, with the extent of OW position on the sector now being the lowest in eight quarters. They also reduced their exposure to Industrials and IT, turning mildly UW on both. Reduced allocation to these sectors in the quarter gone by was taken up by Energy, Consumer Discretionary and Consumer Staples. While DMFs turned incrementally less bearish on Energy and Consumer Staples, possibly reflecting valuation comfort on both and expectations of a good festive demand for the latter, they remained neutral on Consumer Discretionary. Among other sectors, DMFs maintained their OW position on Healthcare, Utilities and Communication Services, and UW on Materials.

DMFs maintained an OW stance on Financials and remained negative on Consumer Staples and commodity linked sectors, viz., Energy and Materials.

Figure 48: DMF sector allocation of the Nifty 50 universe (June 2023 vs. September 2023)


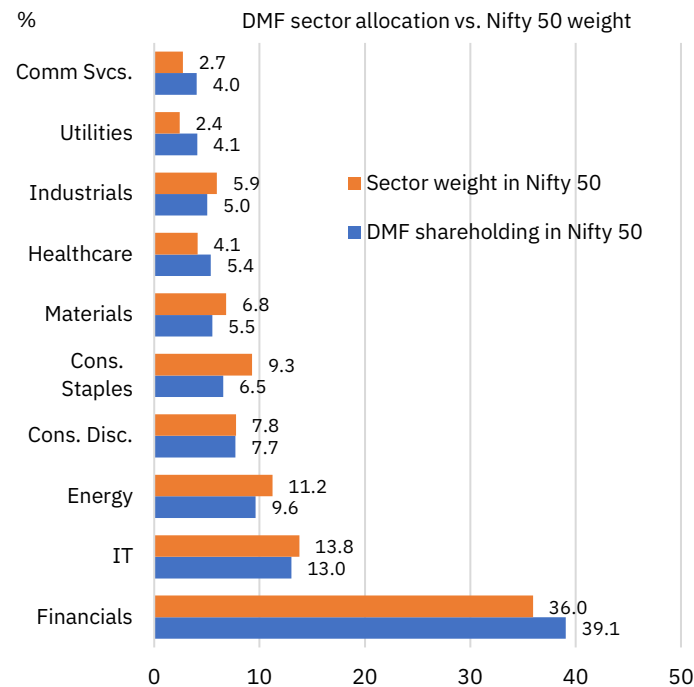
Source: CMIE Prowess, NSE EPR.

Figure 49: DMF sector allocation of the Nifty 50 universe over the last five years



Source: CMIE Prowess, NSE EPR.

Figure 50: DMF sector allocation vs sector weight in Nifty 50 (September 2023)



Source: CMIE Prowess, NSE EPR.

Figure 51: DMF sector-wise OW/UW in Nifty 50 relative to sector weight in the index (September 2023)

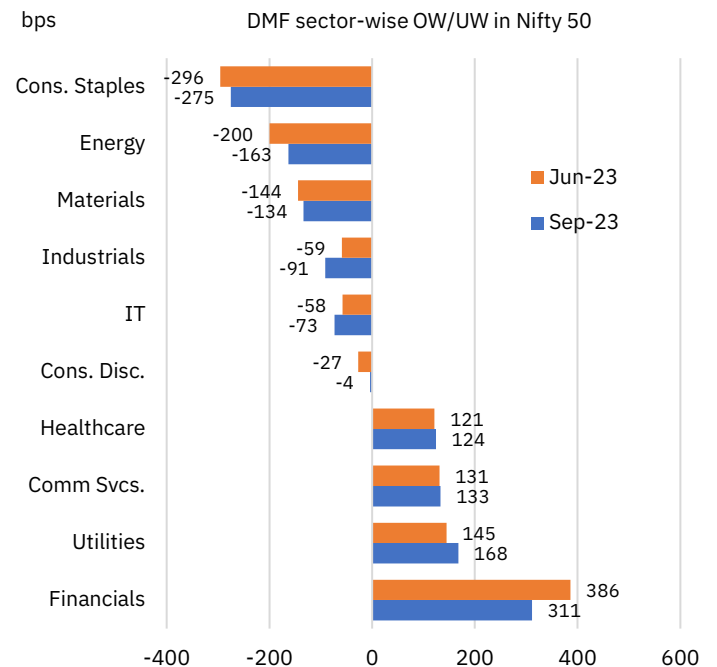
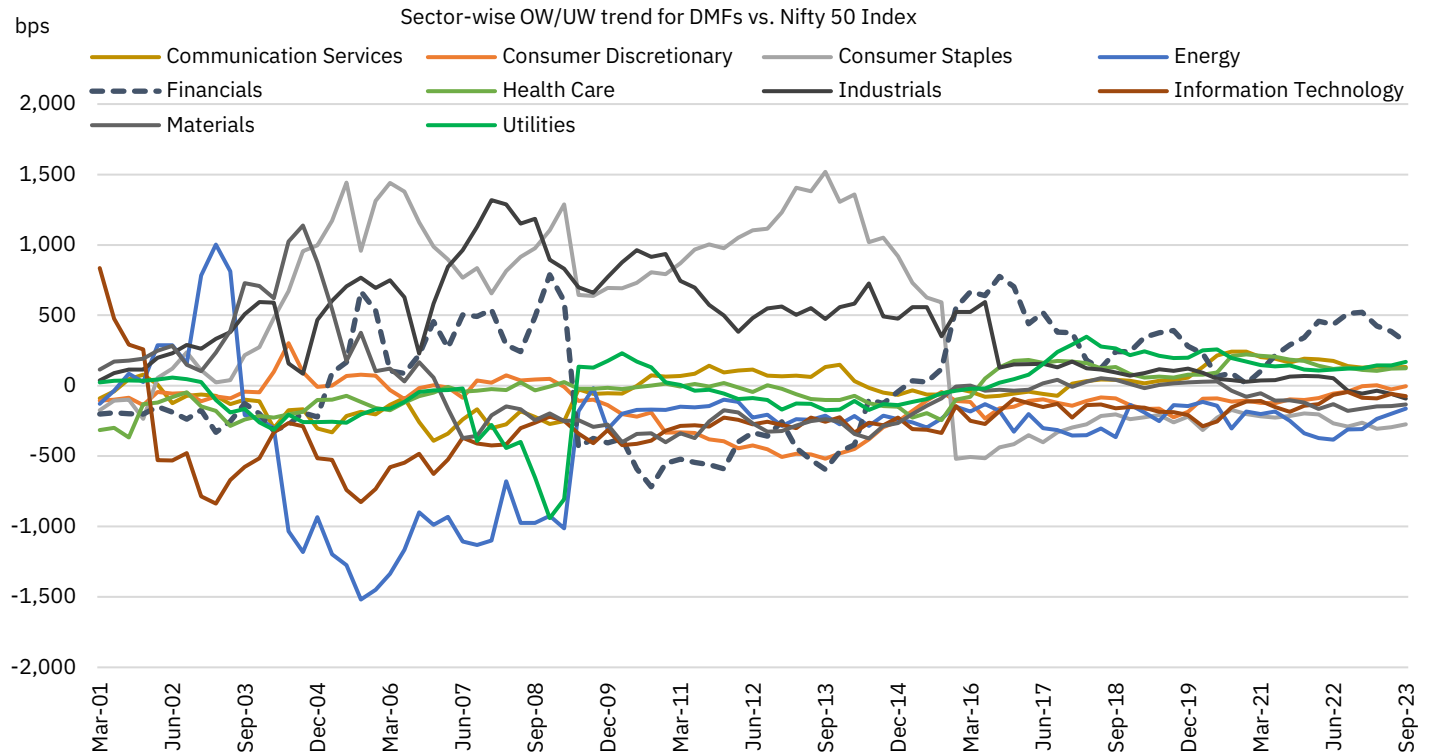


Figure 52: DMF vs Nifty 50—Sector-wise OW/UW trend (bps)

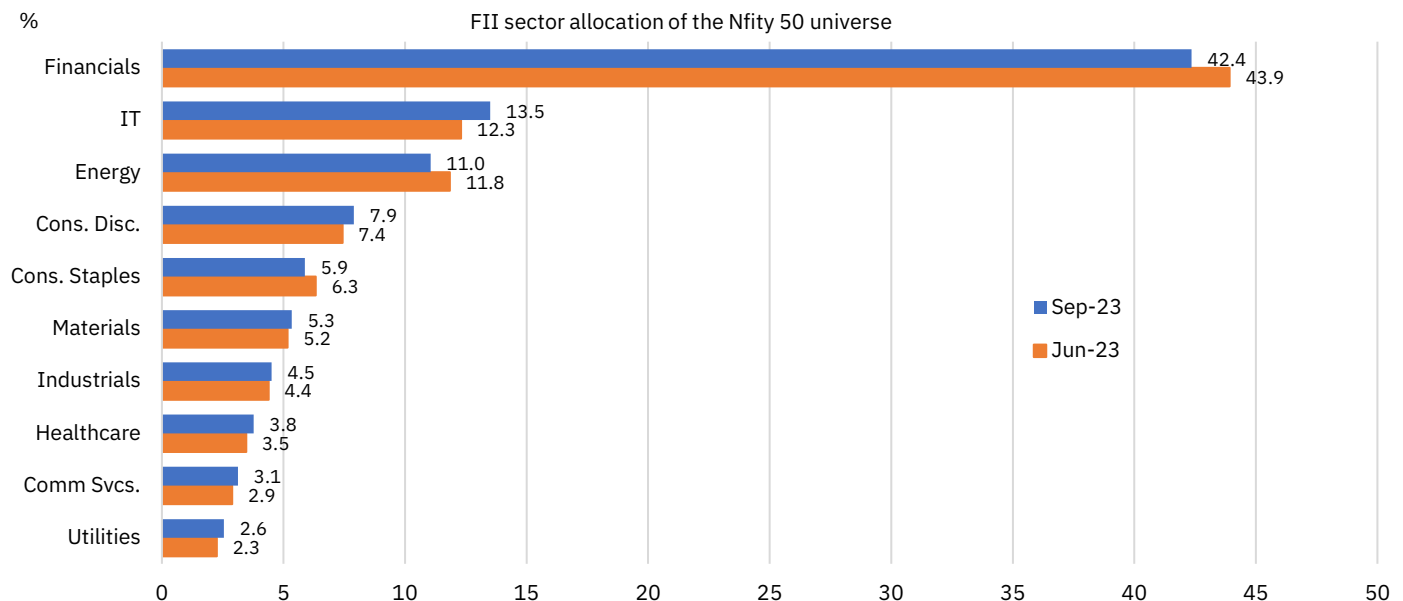


Source: CMIE Prowess, NSE EPR.

FII's remained OW on Financials and turned UW on Industrials: Barring Industrials, where FIIs turned from Neutral to UW, as the increase in allocation to the sector was not commensurate with the increase in its weight in the Nifty 50 index, FIIs broadly kept their sector bets steady. FIIs maintained their perennial outsized OW position on Financials for yet another quarter, and in fact steadily strengthened it over the last four quarters. Among other sectors, FIIs maintained their big UW stance on Consumer Staples and Materials, and remained neutral on Communication Services, Consumer Discretionary, Energy, Healthcare, Information Technology and Utilities.

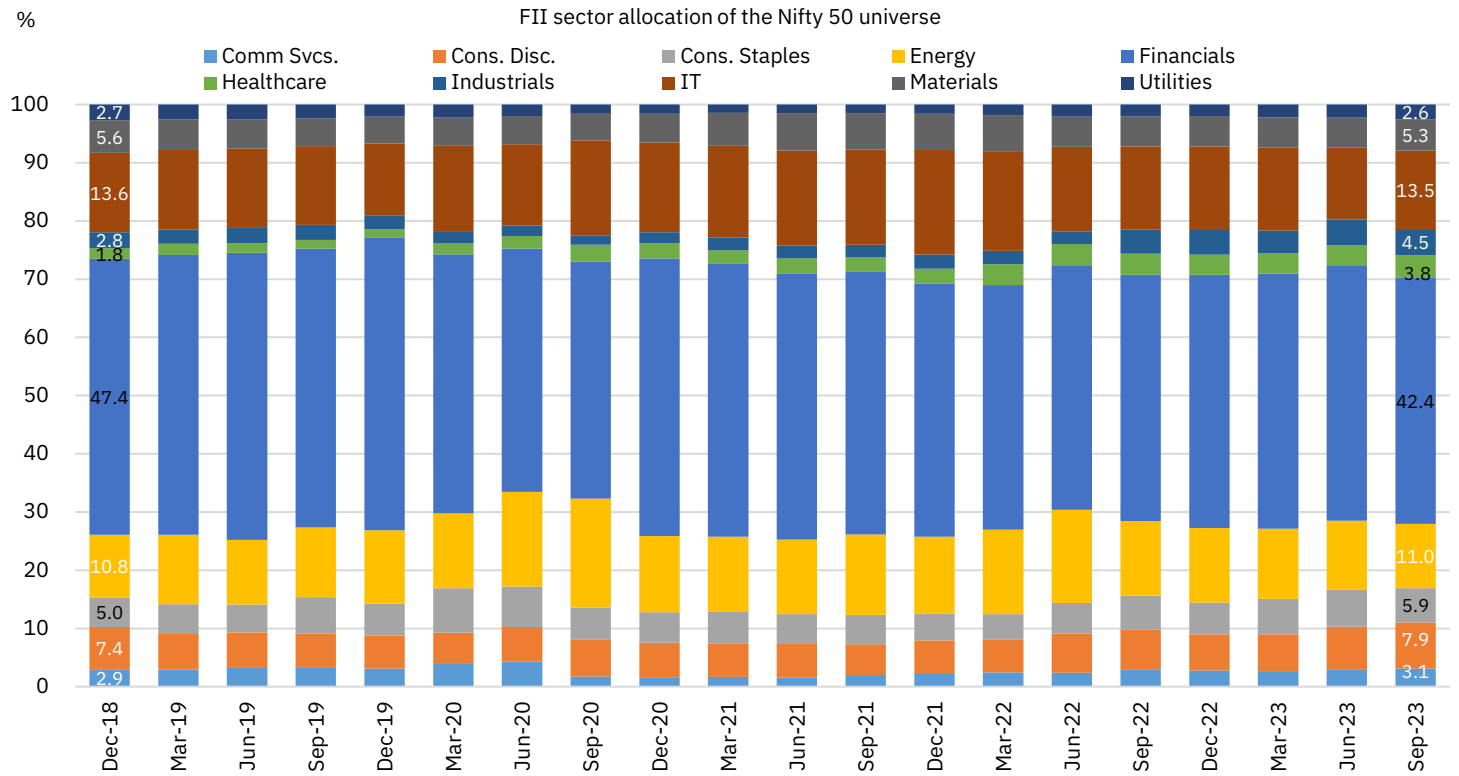
FIIs maintained OW view on Financials, turned negative on Industrials, and remained negative on Consumer Staples and Materials.

Figure 53: FII sector allocation of the Nifty 50 universe (June 2023 vs. September 2023)



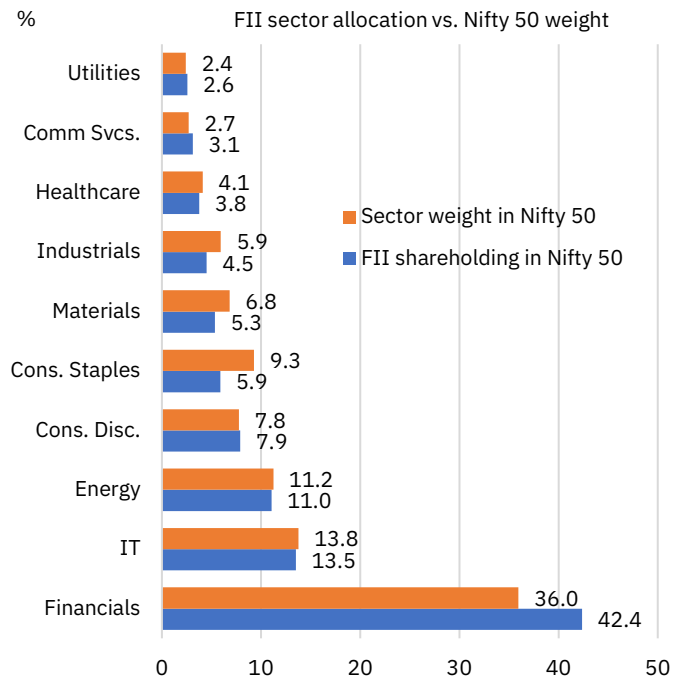
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 54: FII sector allocation of the Nifty 50 universe over last five years



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 55: FII sector allocation vs sector weight in Nifty 50 (September 2023)



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Figure 56: FII sector-wise OW/UW in Nifty 50 relative to sector weight in the index (September 2023)

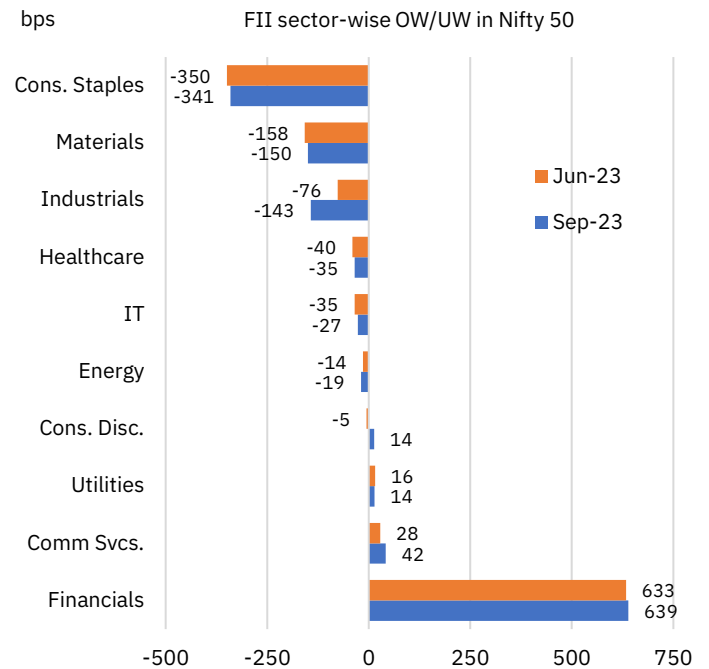
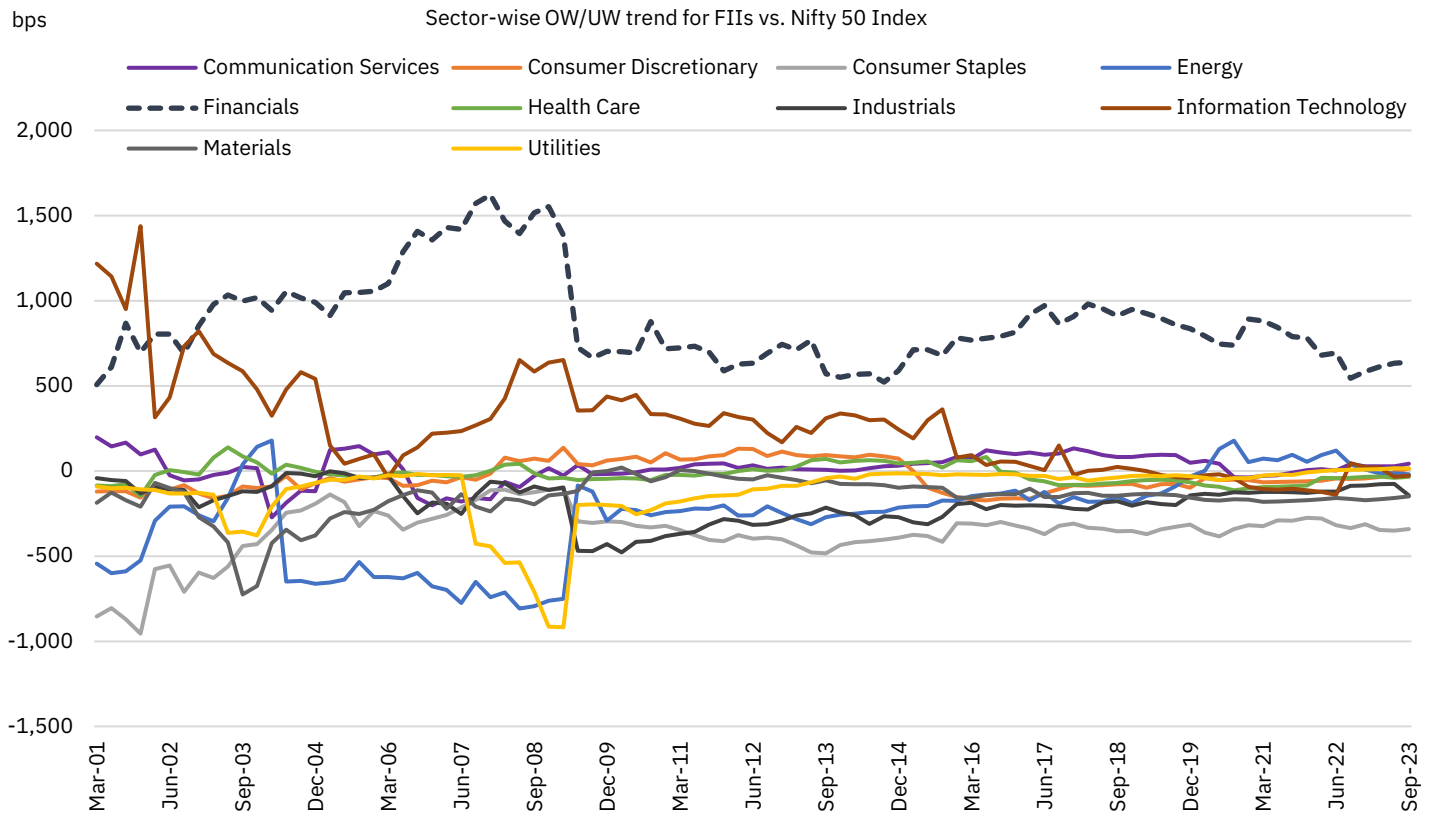


Figure 57: FII vs Nifty 50—Sector-wise OW/UW trend (bps)


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Nifty 500 ownership trends

Ownership pattern of the Nifty 500 universe (September 2023)

Promoter stake in the Nifty 500 universe inched up in the September quarter: Total promoter holding in the Nifty 500 universe increased by 35bps QoQ to 49.8%. This was primarily on the back of a significant jump in Government promoter holding of 111bps QoQ to a 22-quarter high of 9.8%, aided by relative outperformance of public sector companies in the quarter gone by. This was partly offset by a dip in private promoter share—both Indian and foreign. While private Indian promoter share fell by 47bps QoQ to a 15-quarter low of 32.0%, ownership of foreign promoters in the Nifty 500 companies declined by 27bps QoQ to a nine-year low of 8.5%. Nearly 154 out of 490 companies for which data was available for the September as well as June quarters saw the share of private Indian promoters falling in the quarter gone by.

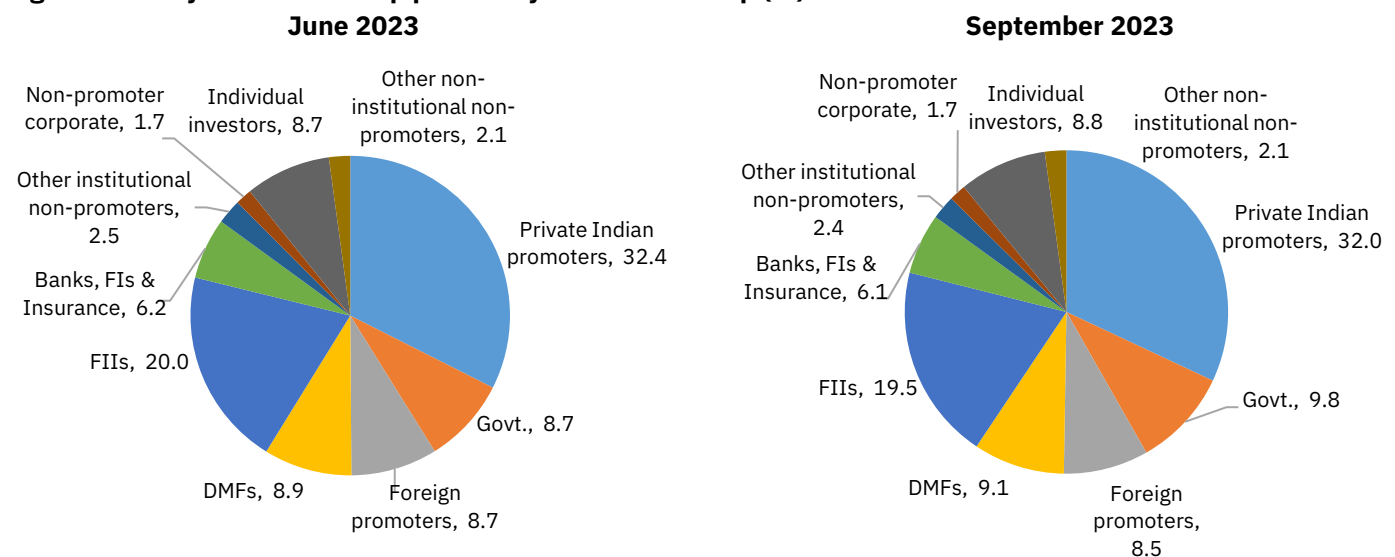
Total promoter stake in the Nifty500 universe increased to 49.8%, with an increase in Govt. share offset by a drop in foreign and private Indian promoter share.

Institutional ownership of the Nifty 500 total market cap declined: After a 3.2pp jump in institutional ownership in the Nifty 500 universe in FY23, the June quarter saw the share remaining unchanged, while the September quarter saw a 52bps QoQ decline in institutional share to 37.1%. That said, the share is still 2.7pp higher than the post-pandemic low of 34.4% in the quarter ending March 2022. DMF's aggregate share in Nifty 500 companies rose by 21bps QoQ to an all-time high of 9.1% on the back of strong SIP inflows in the quarter gone by. FII ownership, on the other hand, moderated by 50 bps QoQ to near 11-year lows of 19.5%, almost entirely reversing the gains seen over the previous three quarters. Banks, Financial Institutions and Insurance companies' share moderated for the second quarter in a row by 12bps QoQ to 6.1%.

DMF ownership in the Nifty reached record highs in the September quarter.

Individual investors' ownership in the Nifty 500 universe rose in the September quarter: Individual investors' ownership in Nifty 500 companies increased marginally by 12bps QoQ to a five-quarter high of 8.8%. This was in line with renewed inflows by individual investors in the September quarter. Individual investors' share in Nifty 500 now is 29bps lower than the near 14-year high share of 9.1% in March 2022. The drop from the peak has been fairly modest, indicating sustenance of retail interest in the equity market despite heightened uncertainty and financial market volatility.

Figure 58: Nifty 500: Ownership pattern by total market cap (%)



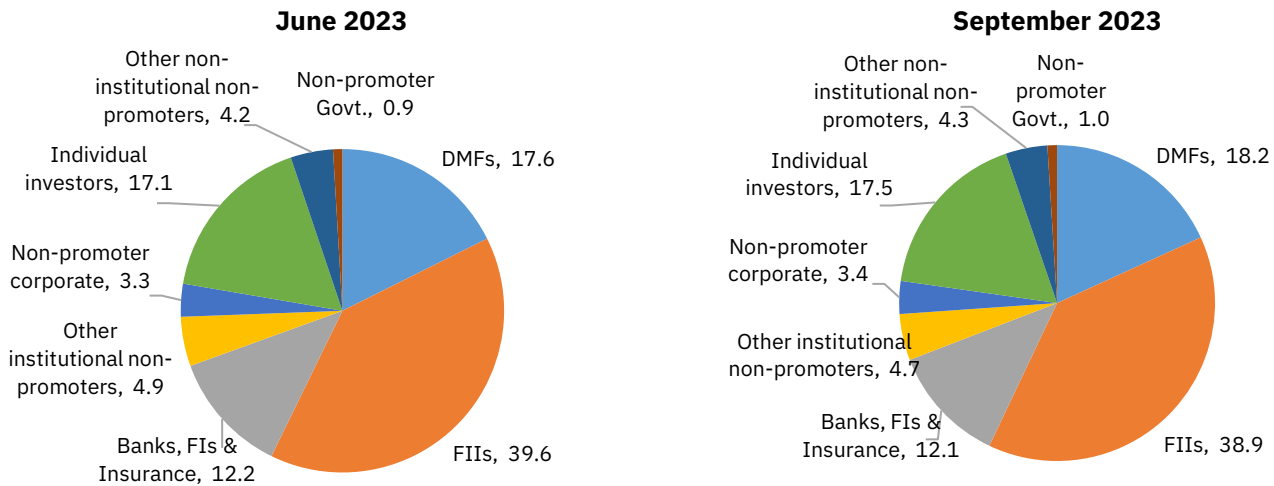
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Table 10: Nifty 500: Ownership trend across key stakeholders by total market cap over last the three years

%	Private Indian promoters	Govt.	Foreign promoters	Domestic MFs	Banks, FIs & Insurance	FII* *	Non-promoter corporate	Individual Investor	Others**
Dec-20	34.3	5.9	9.5	7.6	5.2	22.5	2.8	8.5	3.7
Mar-21	34.3	6.2	9.4	7.4	5.3	22.2	3.0	8.6	3.7
Jun-21	34.5	6.6	9.2	7.4	5.2	21.6	3.0	8.8	3.7
Sep-21	35.3	6.2	8.9	7.5	4.6	21.5	2.9	8.8	4.2
Dec-21	35.8	6.0	8.8	7.8	4.6	20.9	2.8	9.0	4.3
Mar-22	35.5	6.2	8.6	8.0	4.7	20.2	3.4	9.1	4.4
Jun-22	35.0	6.2	9.1	8.3	5.0	19.8	3.4	9.0	4.1
Sep-22	34.4	7.6	9.5	8.2	6.0	19.5	2.6	8.5	3.7
Dec-22	33.5	8.8	9.0	8.4	6.1	19.8	1.6	8.5	4.3
Mar-23	32.4	8.6	8.9	9.0	6.3	20.0	1.6	8.7	4.6
Jun-23	32.4	8.7	8.7	8.9	6.2	20.0	1.7	8.7	4.6
Sep-23	32.0	9.8	8.5	9.1	6.1	19.5	1.7	8.8	4.5
<i>QoQ change</i>	<i>-47bps</i>	<i>111bps</i>	<i>-27bps</i>	<i>21bps</i>	<i>-12bps</i>	<i>-50bps</i>	<i>3bps</i>	<i>12bps</i>	<i>-11bps</i>

Source: CMIE Prowess, NSE EPR. Note: Ownership across promoters and non-promoters are based on total market cap and add up to 100. *FII ownership includes ownership through depository receipts held by custodians. ** Others include other institutional non-promoters, other non-institutional non-promoters and government non-promoters.

In terms of floating stock, FII share in the Nifty 500 Index dipped by 54bps QoQ to a 13-year low of 38.9%. FII stake is now 8.6pp lower than the peak share over the last 22 years. On the other hand, DMFs increased their share in the Nifty 500 floating market cap by 41bps QoQ to an all-time high level of 18.2% in the September quarter. Retail ownership strengthened by 31bps QoQ to 17.5%, even as it is still 12.3pp below the peak share over the entire analysis period (March 2001 onwards).

Figure 59: Nifty 500: Ownership pattern by free float market cap (%)


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Table 11: Nifty 500: Ownership trend across key stakeholders by free float market cap over the last three years

%	Domestic MFs	Banks, FIs & Insurance	FII*s*	Non-promoter corporate	Individual Investor	Others**
Dec-20	14.9	10.3	44.4	5.5	16.8	8.0
Mar-21	14.6	10.5	44.0	5.9	17.0	8.0
Jun-21	14.9	10.3	43.2	6.0	17.5	8.1
Sep-21	15.1	9.3	43.2	5.8	17.6	8.9
Dec-21	15.6	9.4	42.0	5.6	18.2	9.2
Mar-22	16.0	9.4	40.4	6.8	18.2	9.3
Jun-22	16.7	10.0	39.6	6.9	18.1	8.7
Sep-22	16.9	12.3	39.8	5.2	17.5	8.3
Dec-22	17.1	12.5	40.3	3.3	17.2	9.7
Mar-23	17.8	12.5	39.4	3.1	17.2	10.0
Jun-23	17.6	12.2	39.6	3.3	17.1	10.1
Sep-23	18.2	12.1	38.9	3.4	17.5	10.0
QoQ change	54bps	-14bps	-71bps	8bps	36bps	-11bps

Source: CMIE Prowess, NSE EPR. Note: Ownership across key non-promoter stakeholders is based on free float market cap and add up to 100. *FII ownership includes ownership through depository receipts held by custodians. ** Others include other institutional non-promoters, other non-institutional non-promoters and government non-promoters.

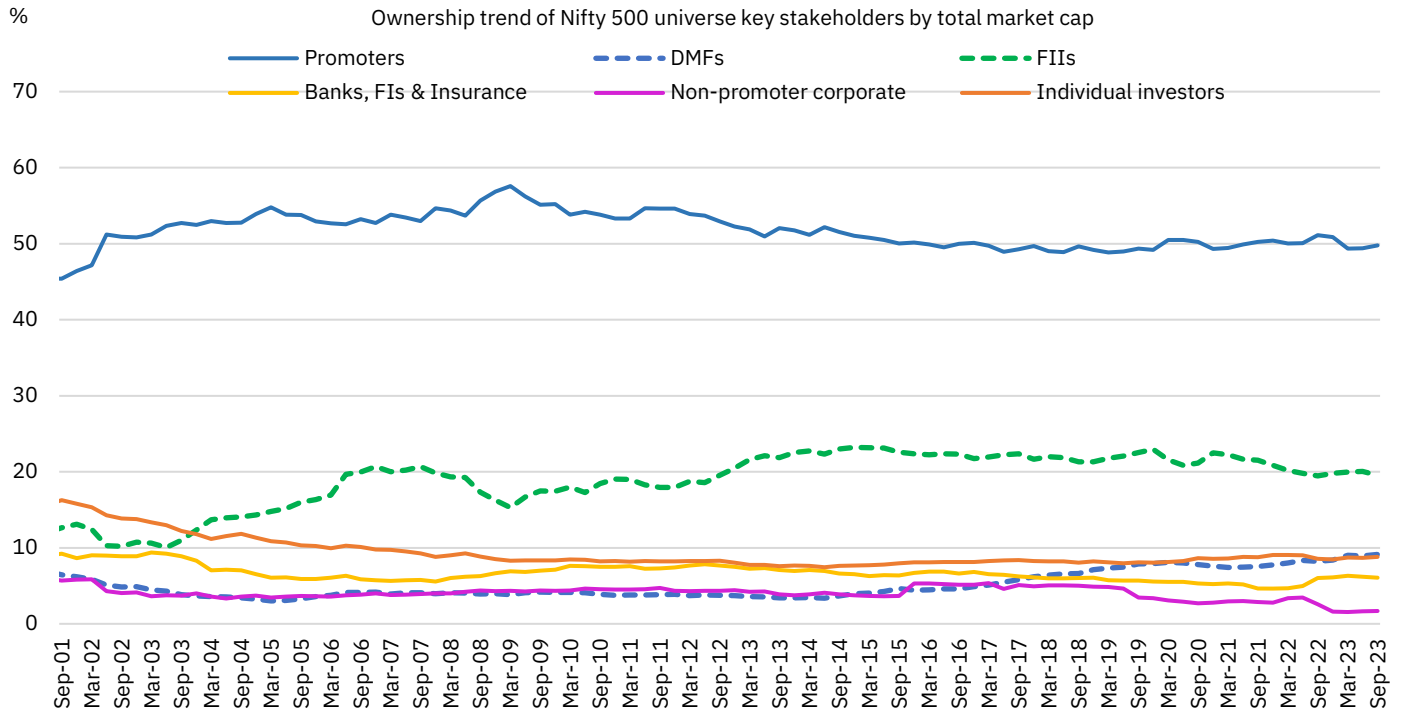
Long-term ownership trend of the Nifty 500 universe: Overall promoter ownership in Nifty 500 has also seen a steady decline since 2009 until March 2019, albeit at a slower pace than the Nifty 50 Index, entirely led by a sharp dip in Government ownership, while the share of private Indian promoters has significantly increased during this period. Promoter share, however, has been inching up since 2019, barring a dip in FY23, aided by higher Indian promoter share—with public share rising after the LIC listing and private share falling since 2021 onwards, while foreign share has remained fairly steady.

DMF ownership in Nifty 500 saw a gradual increase beginning 2014 to reach the highest level in last two decades by December 2019. The fiscal year FY21, however, saw some dip in DMF share, partly reflecting moderation in SIP inflows post the COVID-19 pandemic as well as high redemption pressures. This, however, was more than reversed in the subsequent years, thanks to a surge in retail inflows via the SIP route. FII ownership in the Nifty 500 universe improved meaningfully post the GFC until 2015 but has since hovered between 21-23% until 2021. FII share saw a steady decline over the subsequent few quarters only to rise modestly from the end of 2022, weighed by dampened sentiments owing to recurring COVID variants, followed by the Russia-Ukraine war, sky-rocketing inflation, steep rate hikes by global central banks and China slowdown. This led to flight of capital away from riskier asset classes including Indian equities during this period, even as the second half of 2022 onwards saw FIIs coming back. Banks, financial institutions, and insurance, however, have been steadily reducing their exposure to Indian equities over the last decade until 2021 only to see a meaningful spike last year, which has continued up to the most recent quarter as well.

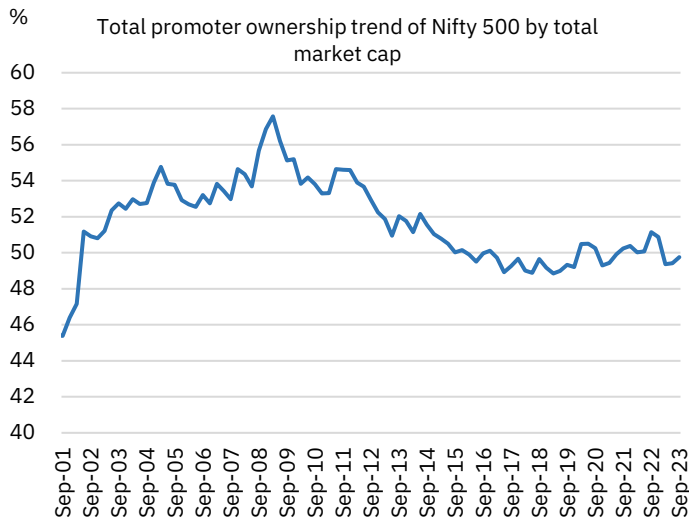
Retail ownership in the Nifty 500 Index fell sharply from the north of 16% in 2001 to sub-8% in 2013, hovered around these levels until December 2019 only to rise steadily until FY22. The following five quarters, however, saw a slight dip in retail share, mimicking the trend seen in their trading activity during this period, with a slight uptick in the quarter gone by.

FII ownership in Nifty 500 saw a steady rise post the GFC until 2015, hovered in the 21-23% range until 2021 only to drop marginally after that.

DMF share in Nifty 500 has been gradually rising since 2014, barring a dip in FY21, and is currently slightly lower than peak high levels.

Figure 60: Nifty 500: Long-term ownership trend across key stakeholders by total market cap


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 61: Total promoter ownership trend of the Nifty 500 universe by total market cap


Source: CMIE Prowess, NSE EPR.

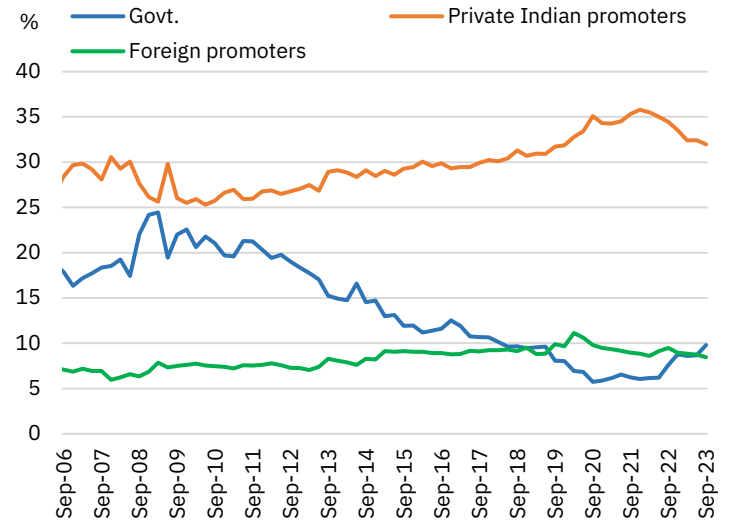
Figure 62: Indian and foreign promoter ownership trend of the Nifty 500 universe by total market cap


Figure 63: DMF ownership trend of the Nifty 500 universe by total market cap

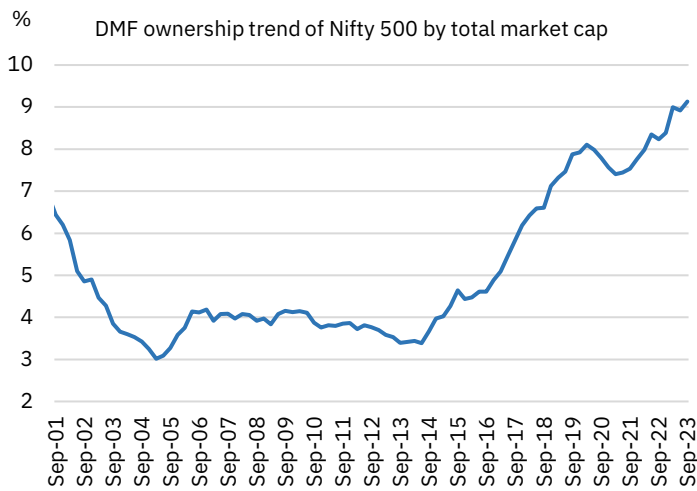
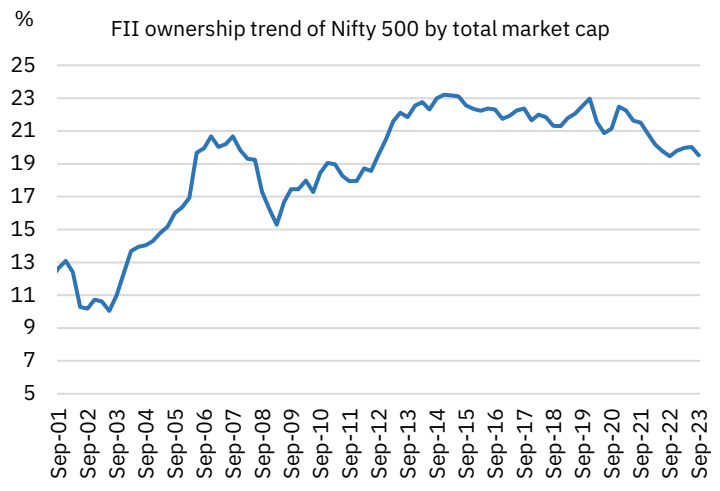


Figure 64: FII ownership trend of the Nifty 500 universe by total market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 65: Banks, FIs & Insurance ownership trend of the Nifty 500 universe by total market cap

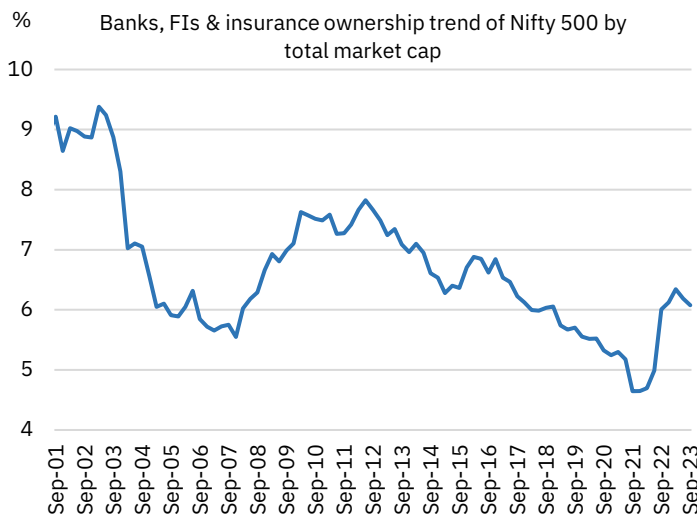
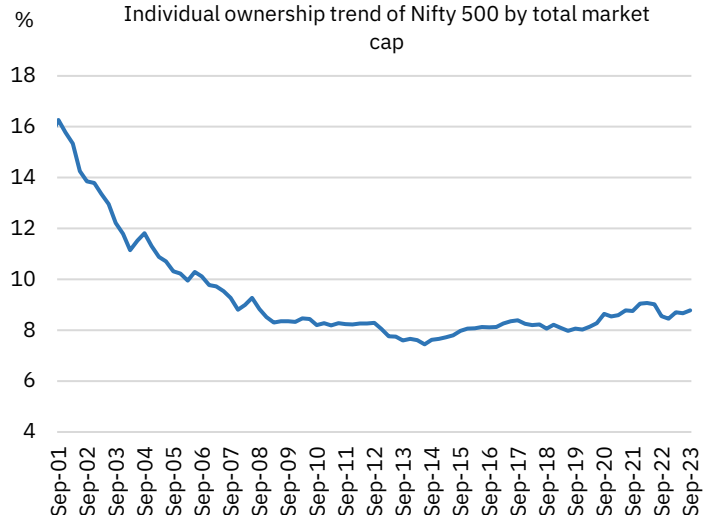


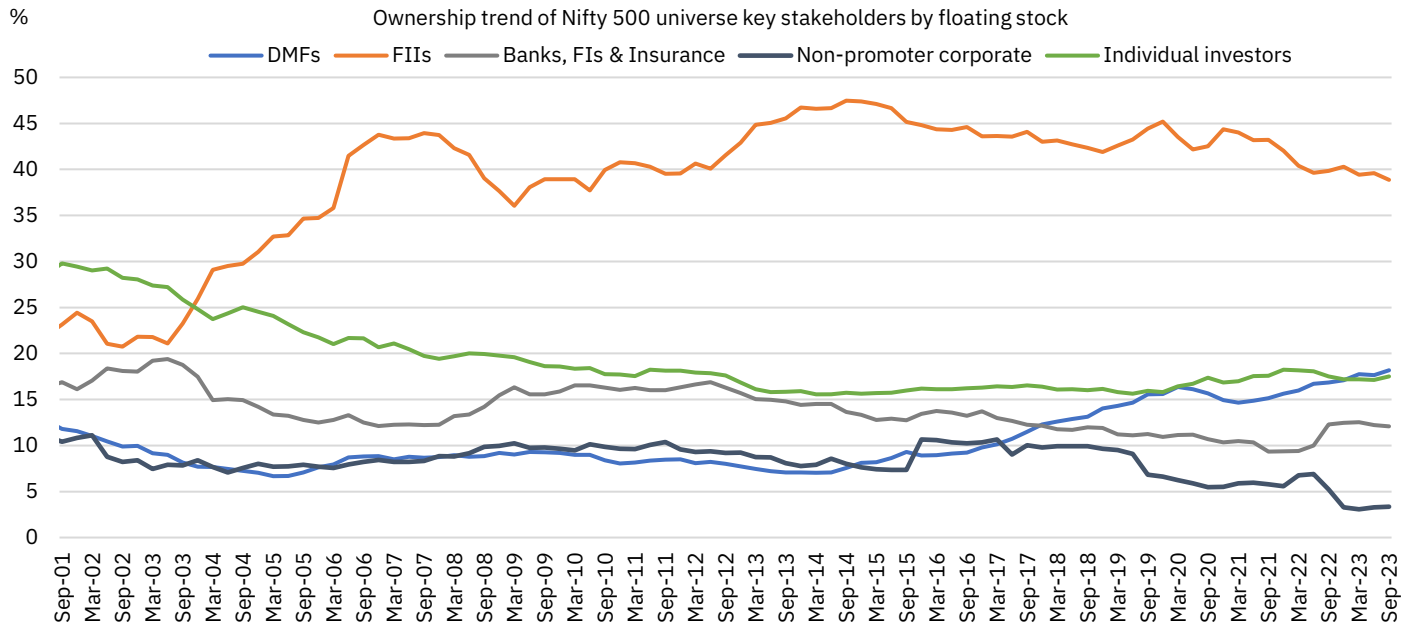
Figure 66: Individual ownership trend of the Nifty 500 universe by total market cap



Source: CMIE Prowess, NSE EPR.

Our long-term ownership analysis on the floating stock of the Nifty 500 Index also shows that while DMF ownership is currently slightly below the highest level since 2001, current FII ownership is 7.9pp lower than the peak of 47.5% observed in the quarter ending September 2014.

Figure 67: Nifty 500: Long-term ownership trend across key stakeholders by free float market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 68: DMF ownership trend of the Nifty 500 universe by free float market cap

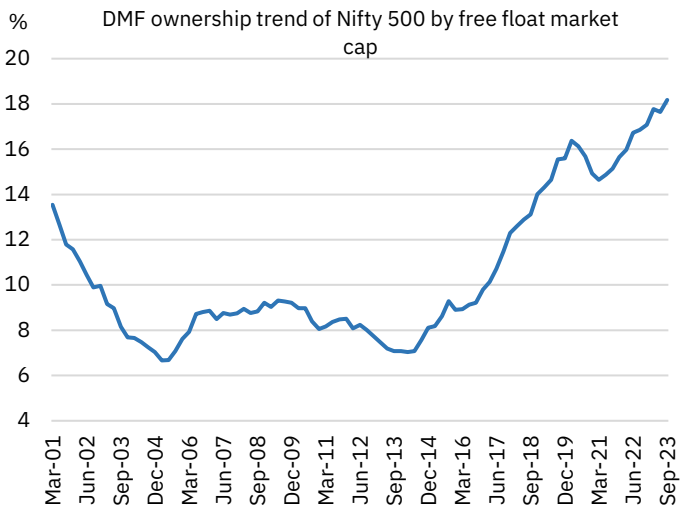
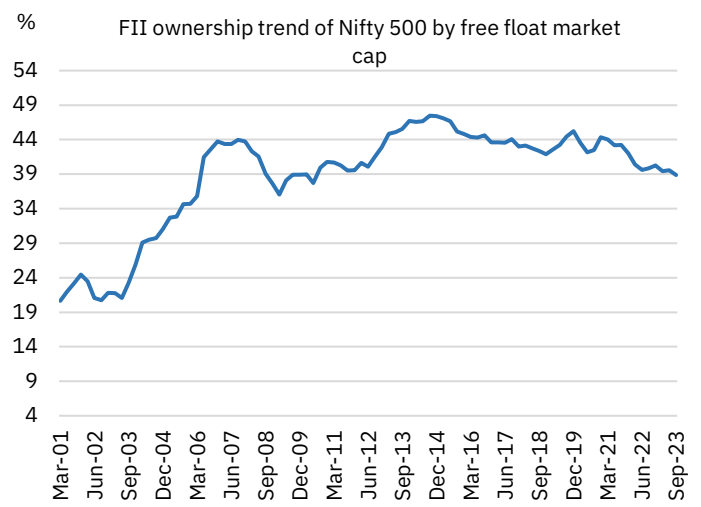
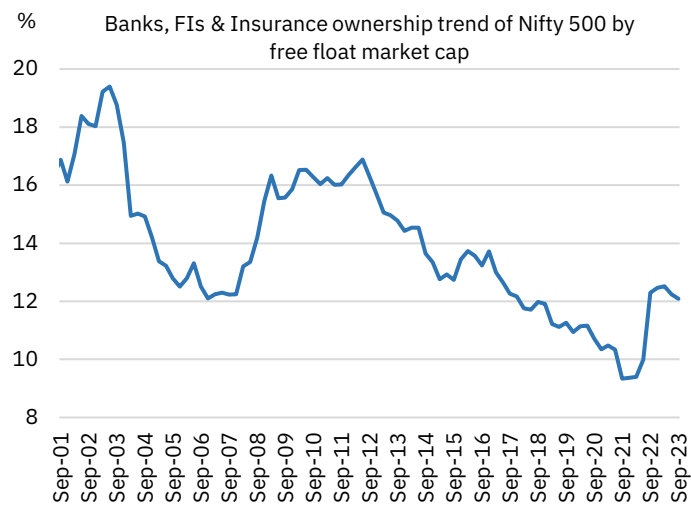


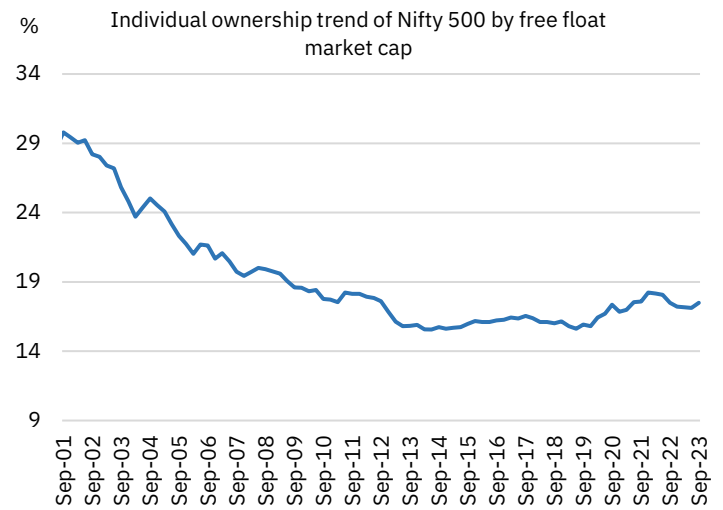
Figure 69: FII ownership trend of the Nifty 500 universe by free float market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 70: Banks, FIs & Insurance ownership trend of the Nifty 500 universe by free float market cap


Source: CMIE Prowess, NSE EPR.

Figure 71: Individual ownership trend of the Nifty 500 universe by free float market cap


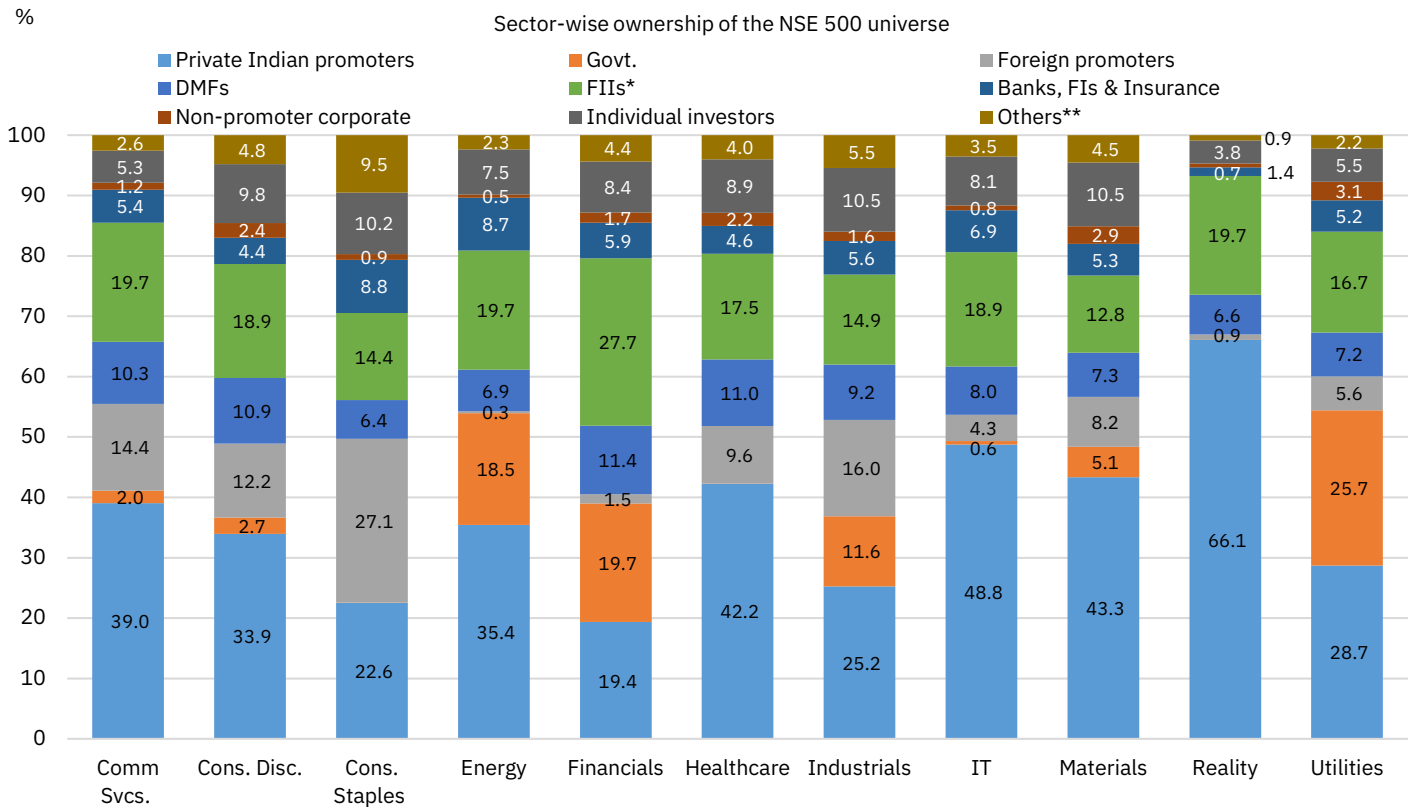
Sector-wise ownership of the Nifty 500 universe (September 2023): As of September 2023, Real Estate sector had the highest promoter shareholding at 67.0% (+6bps QoQ), followed by Utilities at 59.1% (+30bps QoQ) and Materials at 55.3% (+2bps QoQ). Healthcare recorded the largest increase in promoter stake (+121bps QoQ to 51.8%), while Industrials recorded the biggest decline of 31bps QoQ to 52.8%.

Utilities remained the top sector in terms of Government ownership, with a 45bps QoQ increase to a 12-quarter high of 25.7%. Financials stood second with a significant 2.5pp QoQ increase in Government share to a nine-year high of 19.7%, thanks to the relative outperformance of PSU banks as compared to the broader banking sector in the quarter. This was followed by Energy with a 2.6pp QoQ increase to 18.5%, and Industrials at 11.6% (+79bps QoQ).

DMF share increased in the Nifty 500 universe across all sectors barring Industrials, which saw a moderate dip of 13bps QoQ to 9.2%. Financials remained the top sector in terms of DMF ownership at 11.4% (+2bps QoQ), followed by Healthcare (+9bps QoQ to 11.0%), and Communication Services (+35bps to all-time high of 10.9%). Even as FIIs remained the biggest non-promoter owners of Financials at 27.7%, the share declined significantly by 133bps QoQ. FIIs share in Financials within the Nifty 500 universe is now the lowest in last 18 years. Communication Services, despite a 39bps QoQ drop, stood second in terms of FII share at 19.8%, followed by Energy at 19.7% (-84bps QoQ). Notably, barring just four major sectors including Real Estate, Consumer Discretionary, Materials and Information Technology, all other sectors saw the FII share dropping in the quarter gone by.

DMF share within the Nifty 500 universe remained steady or rose on a QoQ basis across all sectors barring Industrials.

FIIs have remained the biggest non-promoter owners of Financials within the Nifty 500 universe at 27.7% despite a 133bps QoQ drop in the share.

Figure 72: Nifty 500: Sector-wise ownership pattern across key stakeholders (September 2023)


Source: CMIE Prowess, NSE EPR. * FII ownership includes ownership through depository receipts held by custodians
 **Others include other institutional and non-institutional non-promoter investors.

Sector allocation of the Nifty 500 universe for key stakeholders (September 2023):

The table below shows the sector allocation for key stakeholders in Nifty 500 companies as of September 2023. Nearly 90% of the Government ownership in the Nifty 500 companies remained concentrated to Financials, Energy, Industrials and Utilities sectors, even as the ownership dropped by 86bps QoQ. This was a tad higher than Government exposure to these four sectors in the overall listed universe (89.0%), but marginally lower than 91.3% in the Nifty 50 Index. In the case of institutional investors, DMFs have a lower allocation to Financials at 31.0% compared to FIIs at 35.4%; this gap moderated slightly in the September quarter after steadily rising over the previous three quarters. While both DMFs and FIIs reduced their allocation to Financials in the September quarter, the drop was slightly higher for FIIs. That said, the gap still remains much lower than the average 8.8% over the last 22-year period.

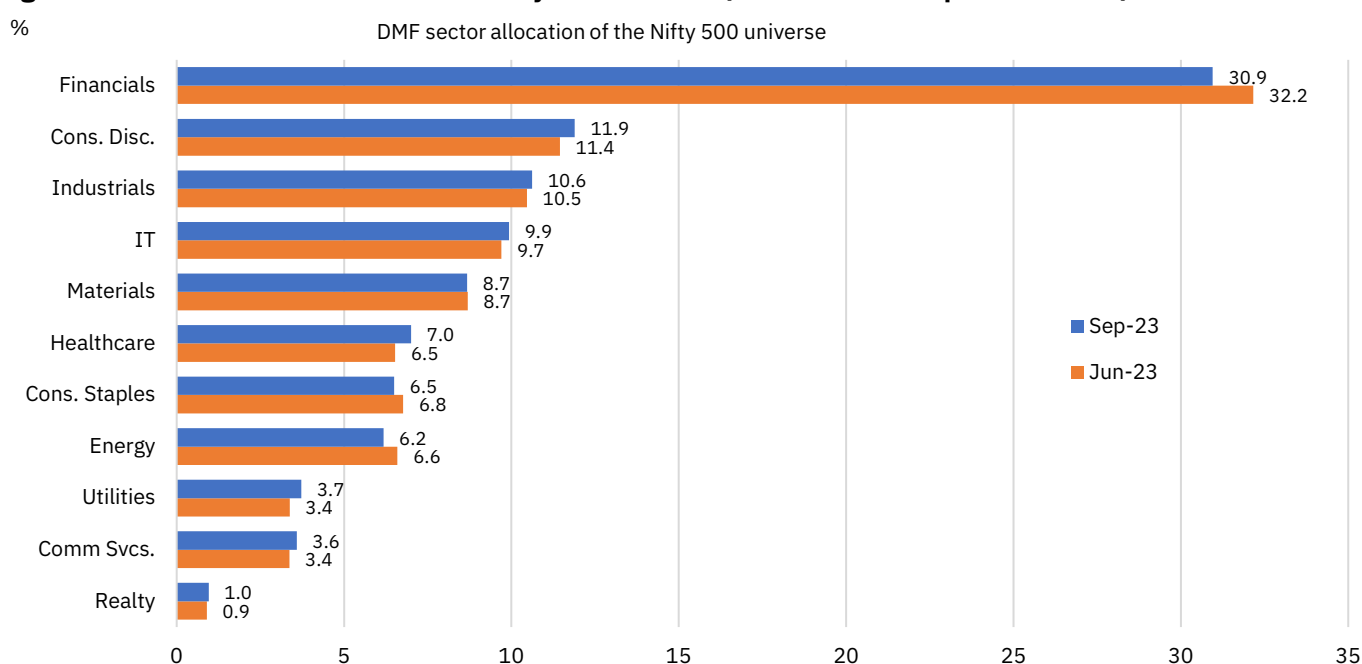
Table 12: Sector allocation of the Nifty 500 universe for key stakeholders (September 2023)

%	Private Indian promoters	Govt	Foreign promoters	Domestic MFs	FII*s*	Banks, FIs & Insurance	Non-promoter corporate	Individual Investors
Communication Services	3.9	0.7	5.4	3.6	3.2	2.8	2.3	1.9
Consumer Discretionary	10.6	2.8	14.4	11.9	9.7	7.2	14.5	11.1
Consumer Staples	6.5	0.1	29.5	6.5	6.8	13.4	5.1	10.7
Energy	9.0	15.4	0.3	6.2	8.2	11.7	2.6	6.9
Financials	15.1	50.0	4.4	30.9	35.4	24.2	25.2	23.9
Health Care	7.7	0.0	6.6	7.0	5.2	4.4	7.6	5.9
Industrials	8.3	12.5	19.9	10.6	8.1	9.7	9.8	12.7
Information Technology	17.2	0.7	5.8	9.9	11.0	12.9	5.4	10.4
Materials	14.7	5.6	10.5	8.7	7.1	9.4	18.7	13.0
Real Estate	2.7	0.0	0.1	1.0	1.3	0.3	0.5	0.6
Utilities	4.2	12.4	3.1	3.7	4.0	4.1	8.6	2.9
Grand Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

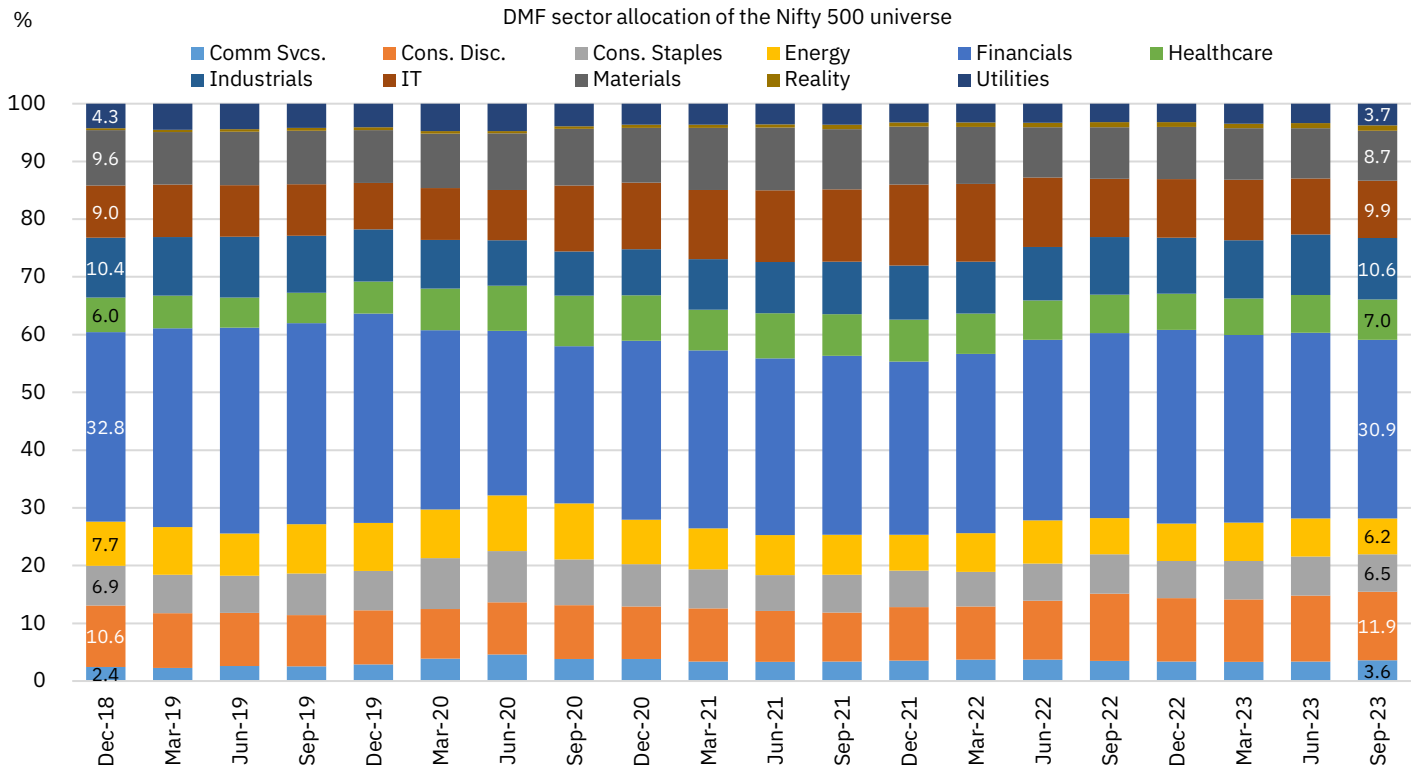
DMFs turned incrementally negative on Financials and Industries: The quarter gone by saw DMFs aligning their portfolio mix closer to the Index by trimming their deep UW or OW positions. For instance, DMFs reduced their exposure to the Financials for the third quarter in a row, aligning their exposure closer to the sector's weight in the Index. After having been perennially OW on Industrials, DMFs turned neutral on the sector for the first time since 2005, possibly signaling some caution in the wake of a significant rally in the sector over the last few quarters and consequently stretched valuations. DMFs remained OW on Consumer Discretionary and Healthcare for the eighth and 15th quarter in a row and retained their negative stance on Consumer Staples and Energy, albeit incrementally less so. Among other sectors, DMFs remained neutral in Communication Services, Information Technology, Materials, Real Estate and Utilities.

DMFs turned neutral on Industrials for the first time since 2005, aligned their exposure to Financials even further closer to the Index and trimmed relative under-exposure in Consumer Staples and Energy.

Figure 73: DMF sector allocation of the Nifty 500 universe (June 2023 vs. September 2023)


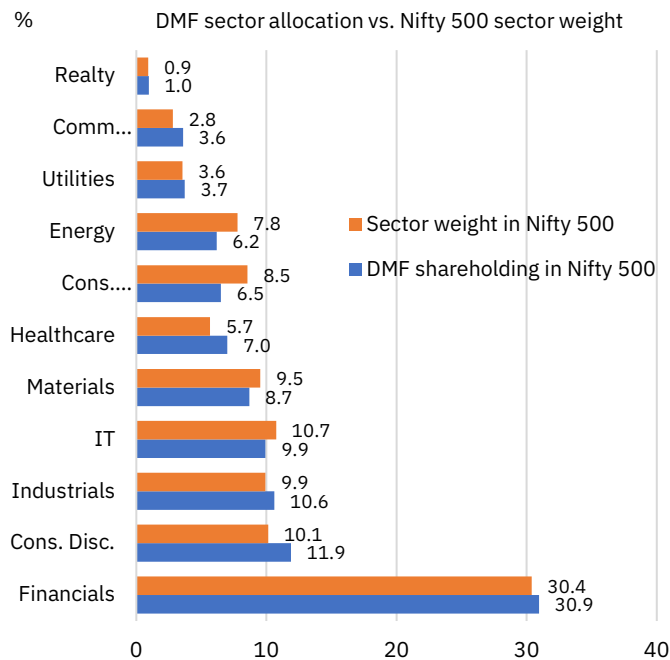
Source: CMIE Prowess, NSE EPR.

Figure 74: DMF sector allocation of the Nifty 500 universe over last five years



Source: CMIE Prowess, NSE EPR.

Figure 75: DMF sector allocation vs sector weight in Nifty 500 (September 2023)



Source: CMIE Prowess, NSE EPR.

Figure 76: DMF sector-wise OW/UW in Nifty 500 relative to sector weight in the index (September 2023)

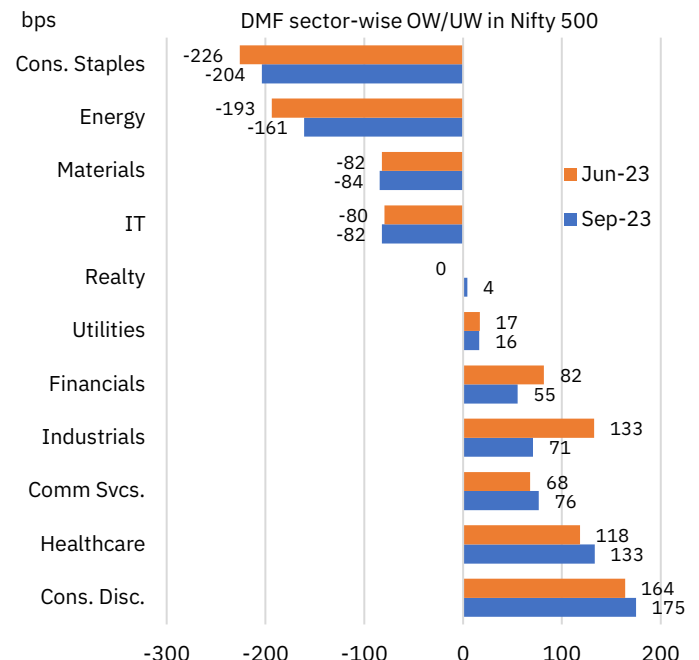
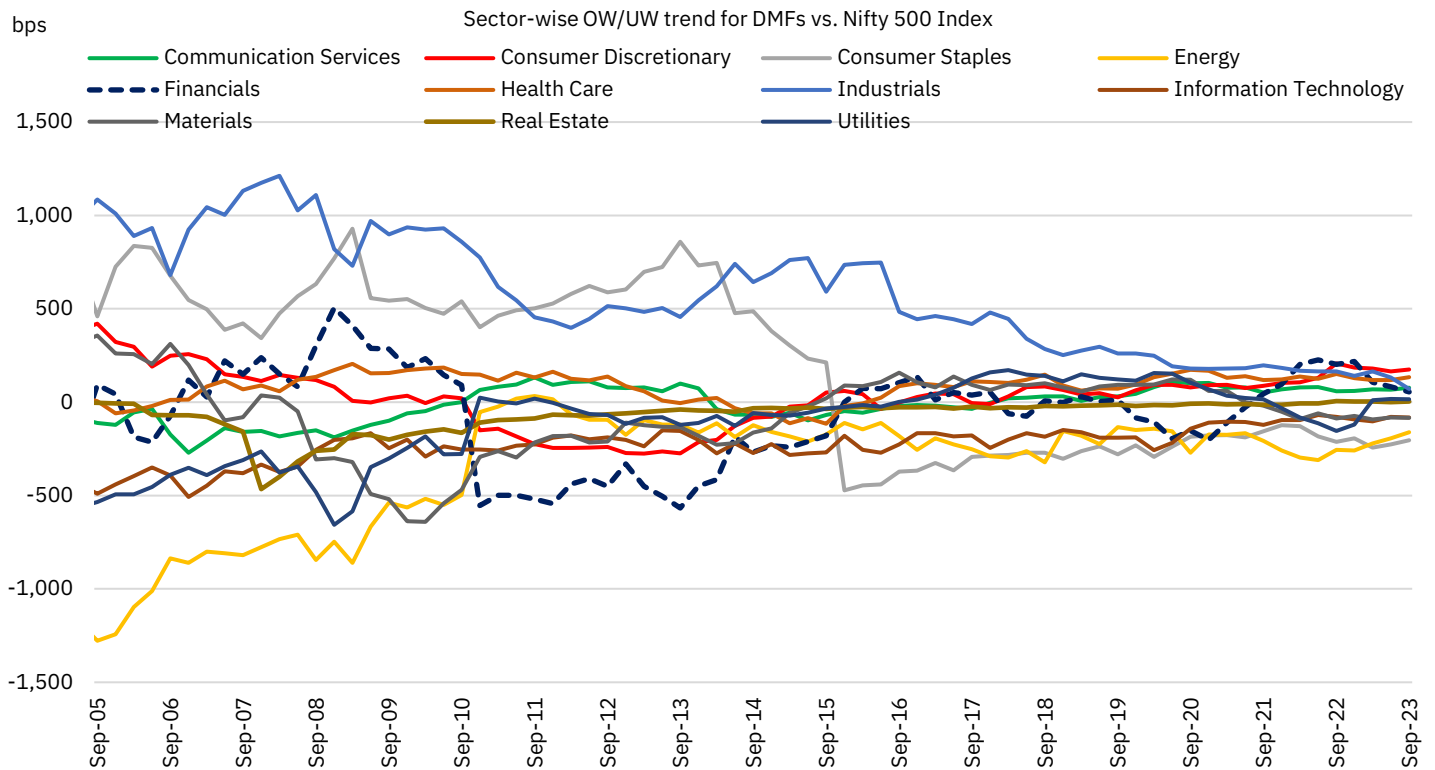
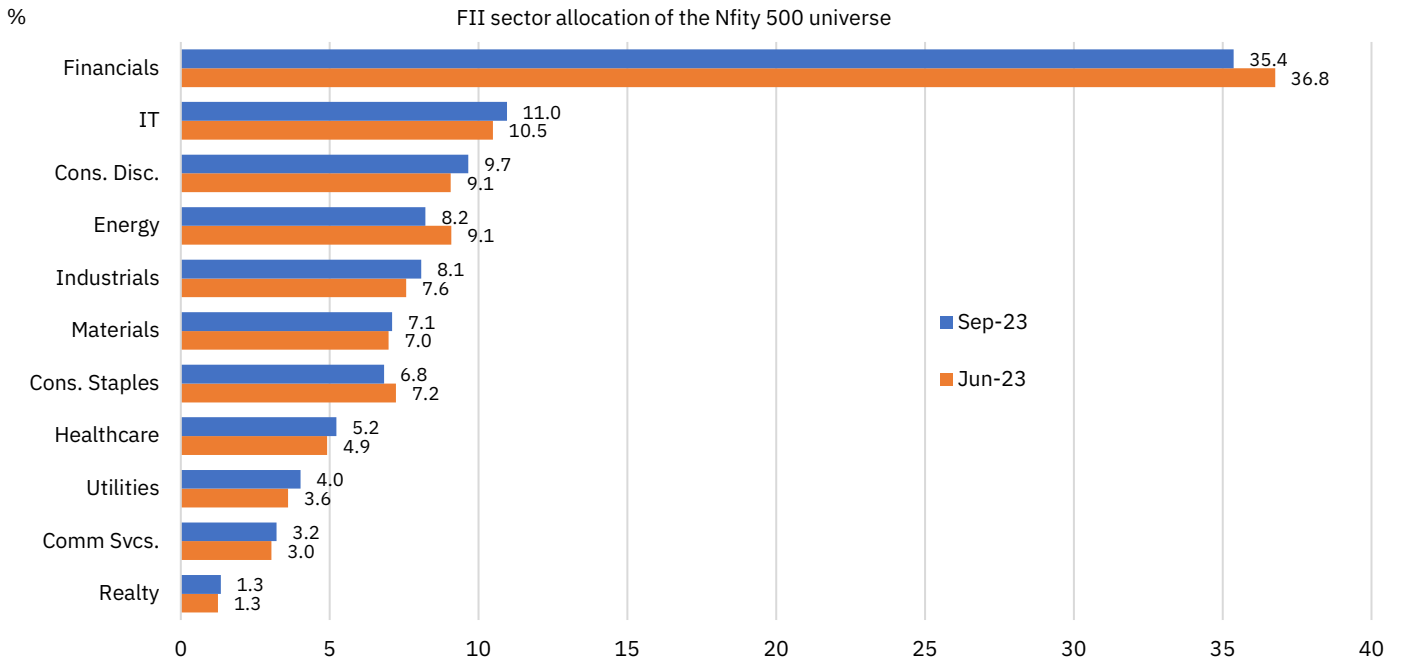


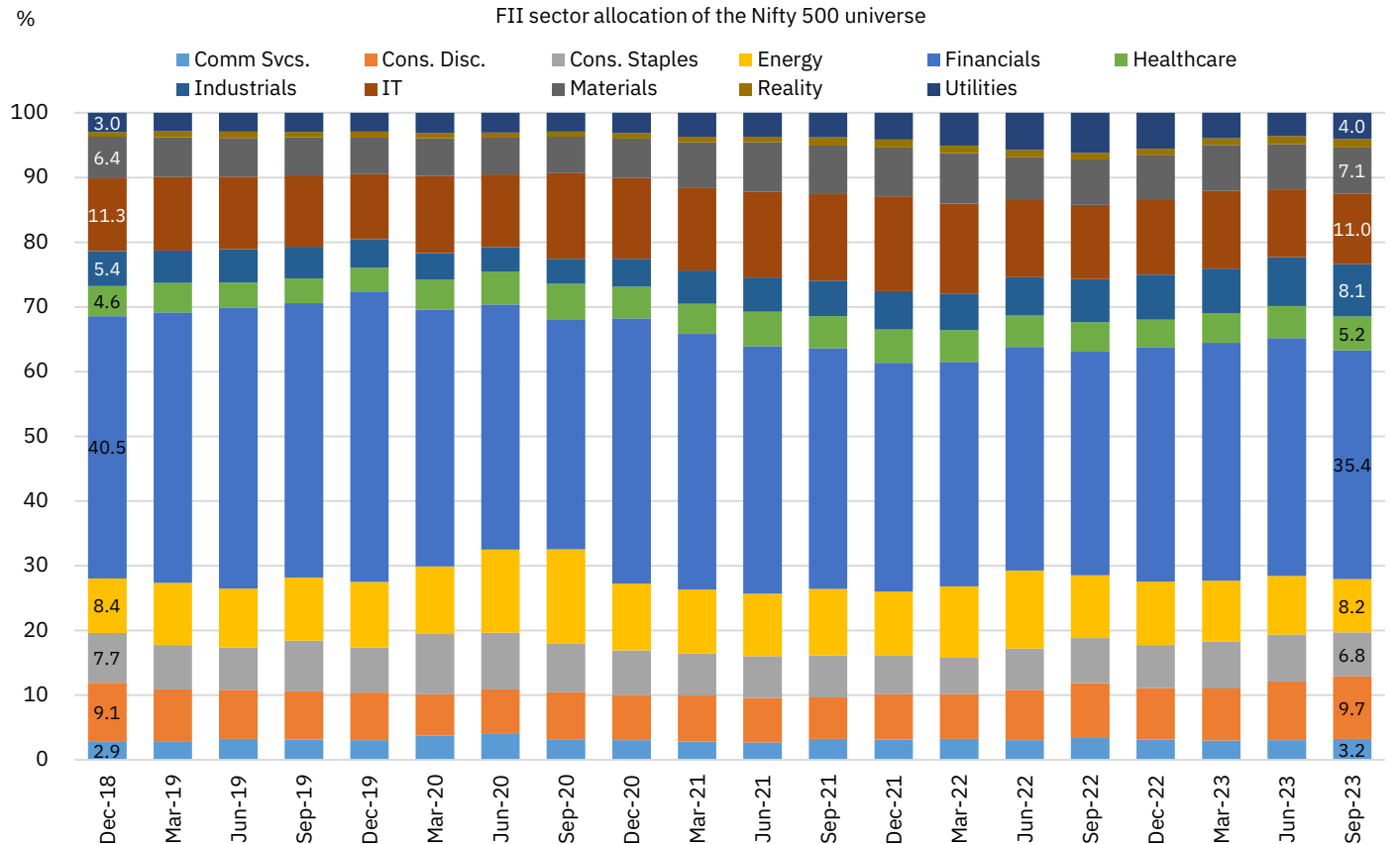
Figure 77: DMF vs Nifty 500—Sector-wise OW/UW trend (bps)


FII's trimmed their outsized bet on Financials and turned less bearish on India's consumption story: FIIs maintained their perennial outsized OW bet on Financials, albeit with an incrementally reduced exposure to the sector. Importantly, no sector other than Financials had an OW position of FIIs compared to the Index in the September quarter. After having turned neutral from UW on Consumer Discretionary in the previous quarter, FIIs further increased their allocation, while maintaining the neutral stance. Further, while FIIs have maintained a negative view on Consumer Staples over the last 13 years, possibly signaling their discomfort with the sector's stretched valuations, they turned incrementally less bearish. Increased exposure of FIIs to Consumer Discretionary and Staples in the September quarter indicates that they are turning positive on India's demand environment. Contrary to DMFs, FIIs have perennially remained negative on the investment theme in the economy, retaining their UW stance on Industrials and Materials since 2006 while they maintained a neutral stance on other sectors viz., Information Technology, Communication Services, Healthcare, Utilities, Energy and Real Estate.

FIIs continued to play the India story through Financials with an incrementally lower allocation and turned incrementally less bearish on India's consumption theme.

Figure 78: FII sector allocation of the Nifty 500 universe (June 2023 vs. September 2023)


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Figure 79: FII sector allocation of the Nifty 500 universe over last five years


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Figure 80: FII sector allocation vs sector weight in Nifty 500 (September 2023)

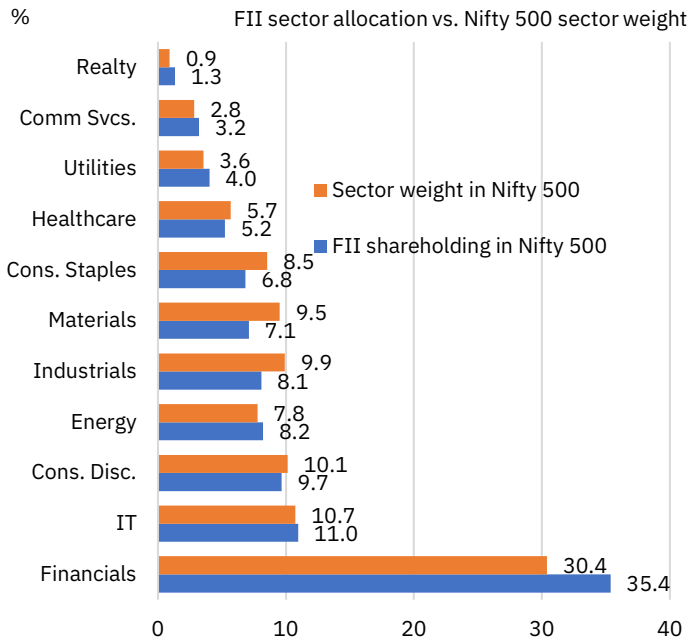
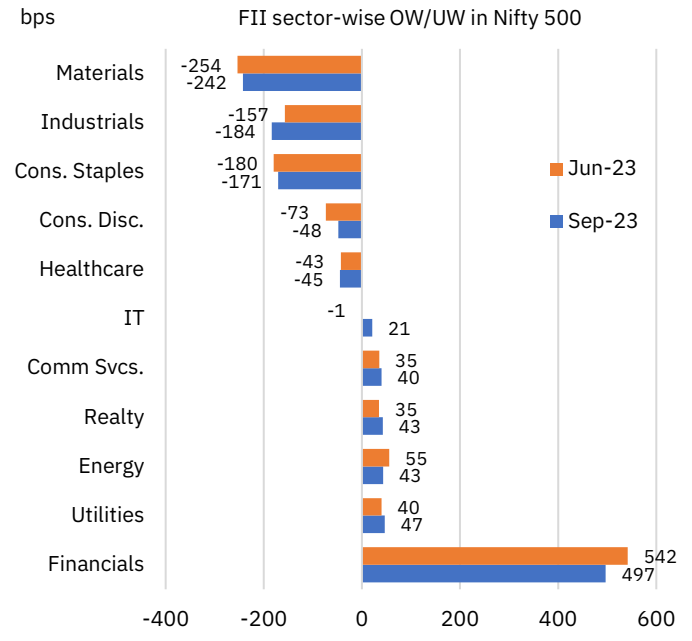
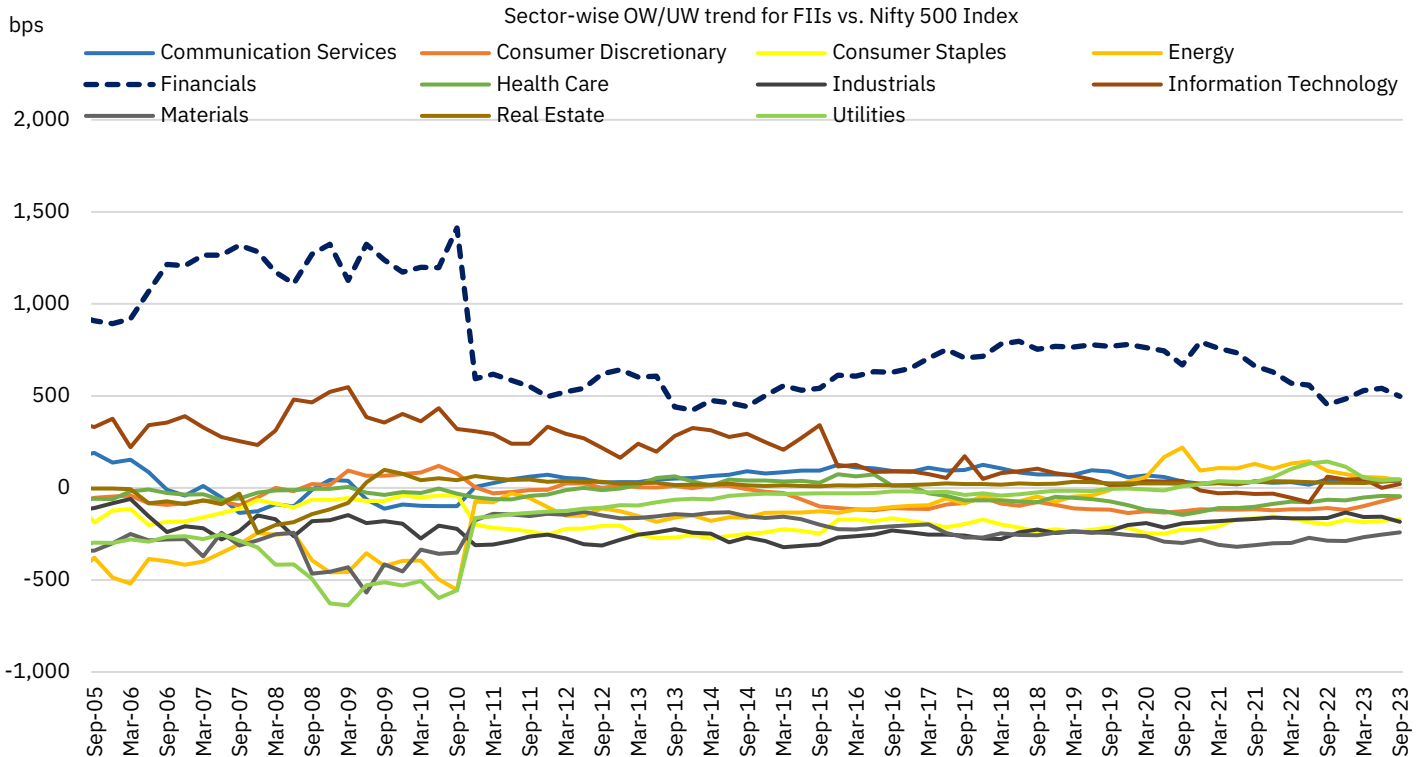


Figure 81: FII sector-wise OW/UW in Nifty 500 relative to sector weight in the index (September 2023)



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Figure 82: FII vs Nifty 500—Sector-wise OW/UW trend (bps)



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Institutional ownership concentration analysis

Institutional investor allocation to Nifty50 moderated for the second quarter in a row:

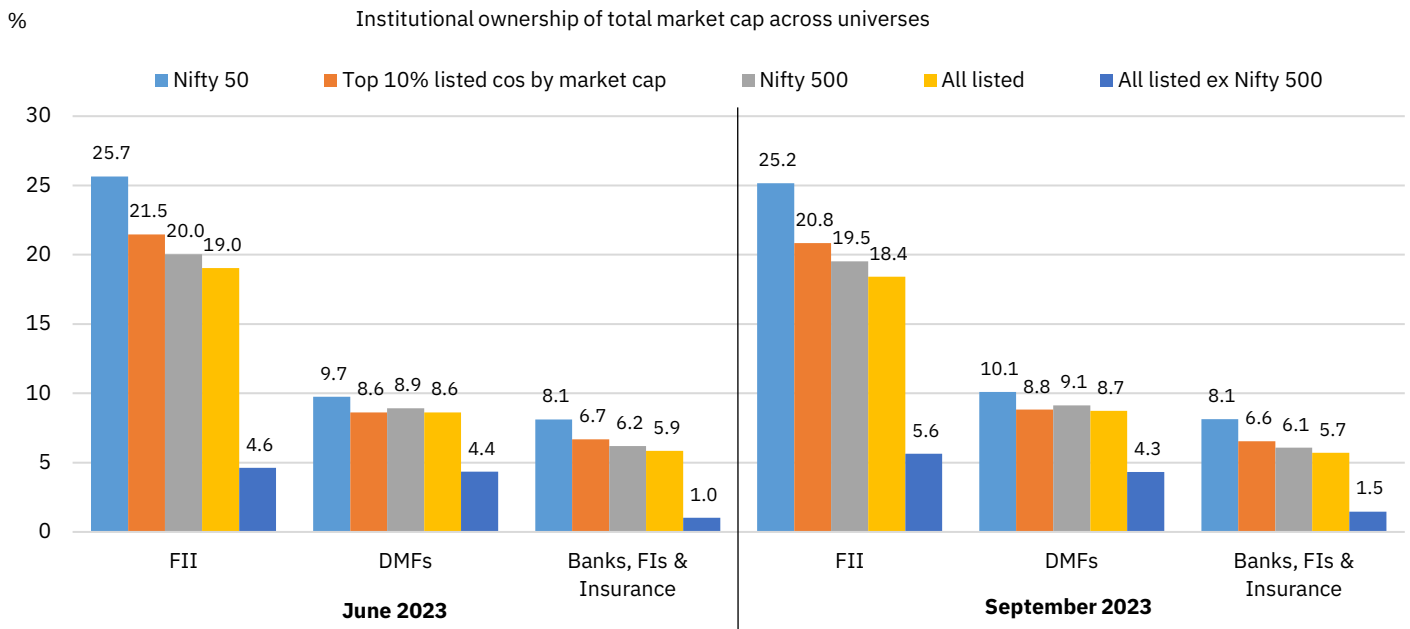
The charts below depict how ownership for all institutional investor categories in the total market cap has changed in the September quarter vis-à-vis the previous quarter.

Institutional investments historically have remained concentrated to Nifty50 companies. In the June quarter, however, share of Nifty50 companies in overall institutional investments fell by 162bps QoQ to 67.5%, and further by a steep 3pp to near 16-year low of 64.6% in the September quarter. This has been primarily on the back of relative outperformance of mid- and smaller companies during the quarter. While the Nifty 50 Index generated a return of 2.3% in the September quarter, Nifty Midcap 50 and Nifty Smallcap 50 Indices gained 14.7% and 20% respectively during this period. This is also evident in a steep 4.7pp drop in the share of Nifty 50 market cap in the total market cap of NSE listed companies in the first half of FY24 to over 19-year low of 49%. In fact, this is the first time in the last 23 quarters that the share of Nifty 50 companies in the total market capitalisation has fallen to sub-50% mark.

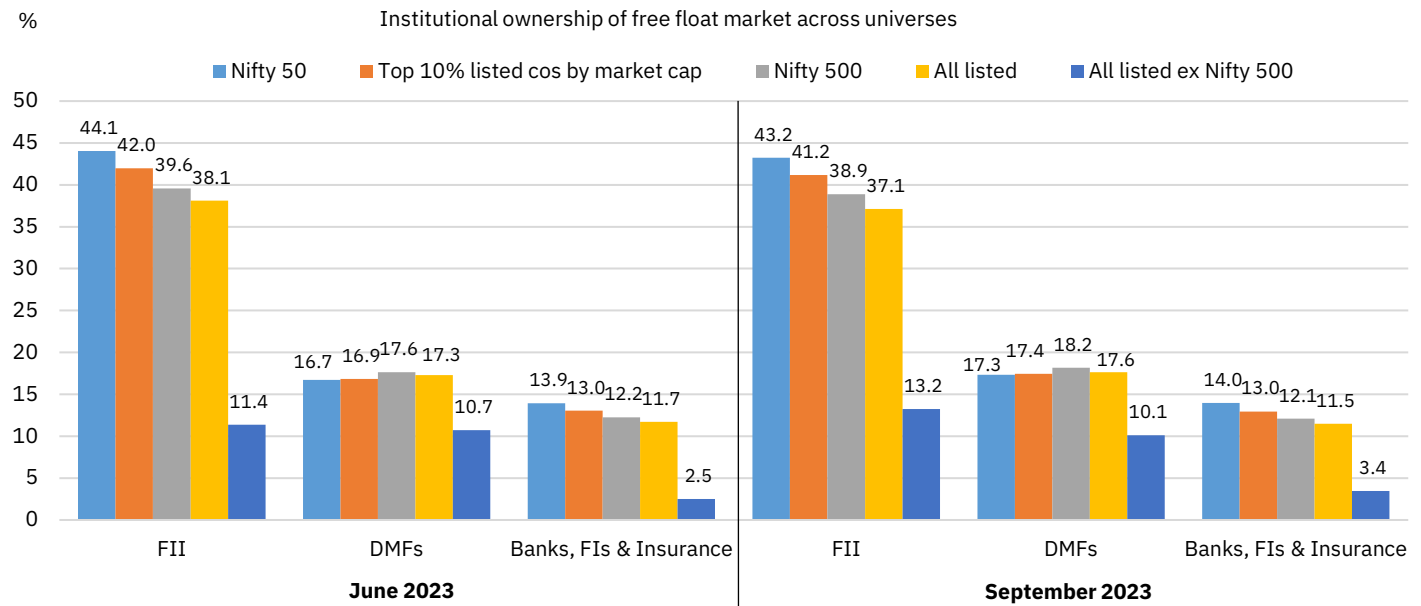
Among institutional investors, Banks, Financial Institutions and Insurance companies had the highest concentration to Nifty 50 companies at 69.8%, down 3.3pp in H1FY24, followed by FIIs at 66.9% (-5.2bps in H1) and DMFs at 56.5% (-4.6pp in H1). Baring DMFs whose share in the listed companies excluding Nifty 500 remained broadly steady in the September quarter, both FIIs and Banks, Financial Institutions and Insurance companies saw their share in this small-cap universe rising.

In the September quarter, share of Nifty50 companies in overall institutional investments declined by 3pp QoQ to near 16-year low of 64.6%, translating into a total drop of 4.6pp in the first half.

Figure 83: Institutional share of total market cap (June 2023 vs. September 2023)



Source: CMIE Prowess, NSE *FII ownership includes ownership through depository receipts held by custodians.

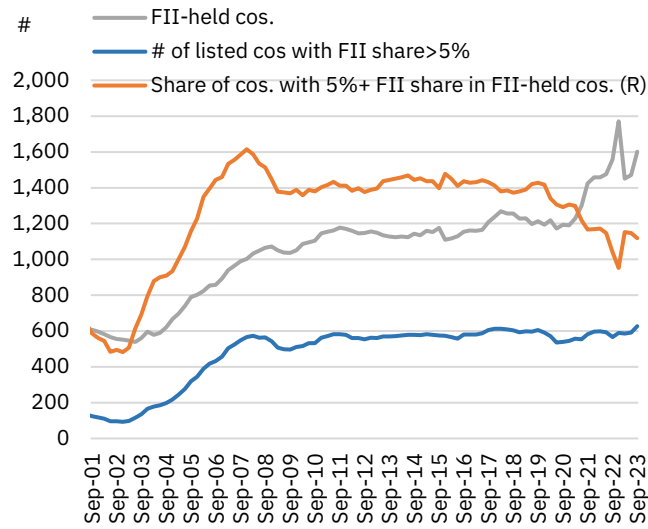
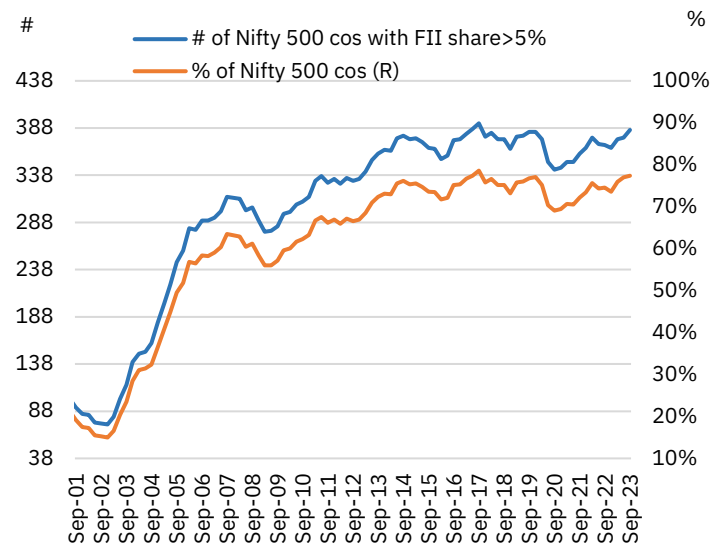
Figure 84: Institutional ownership of floating stock (June 2023 vs. September 2023)


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

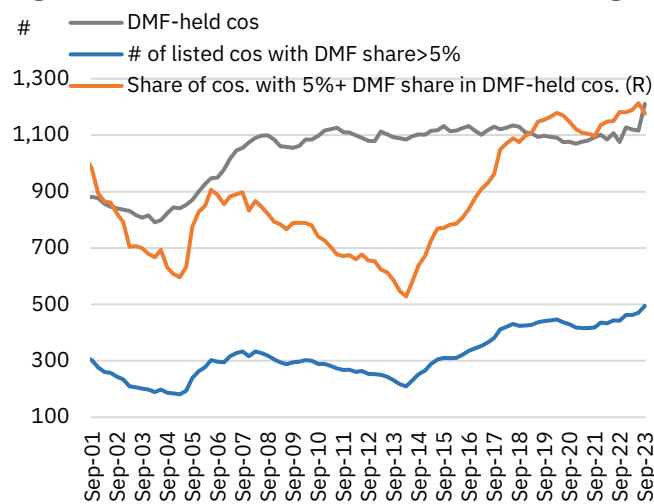
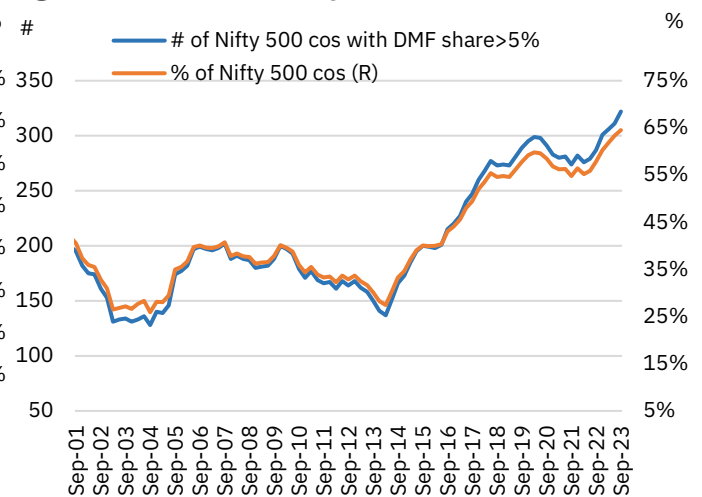
Ownership concentration in terms of no. of companies with holding greater than 5%:

We now compare the depth of institutional ownership with its width in the market. We consider the FII portfolio in India since 2001, not in terms of its value, but in terms of the *number* of stocks. FIIs meaningfully expanded their invested pool of companies between 2020 and 2022, from near-1200 odd companies in December 2020 to 1450+ by December 2021 and 1770+ by December 2022. This number dropped significantly the first half of 2023 to 1470+ at the end of June 2023, only to rise sharply to about 1600. At the same time, the number of companies where FIIs owned at least 5% of the market cap also rose to 627 in the September quarter, after remaining around the 590 mark over the last two years. This shows that while FIIs widened their pool of invested companies in the September quarter, they also chose to have bigger bets on incrementally higher number of companies. That said, a part of this increase is also attributed to several new companies getting listed this year (131 in Apr-Nov'23 vs. 101 in FY23).

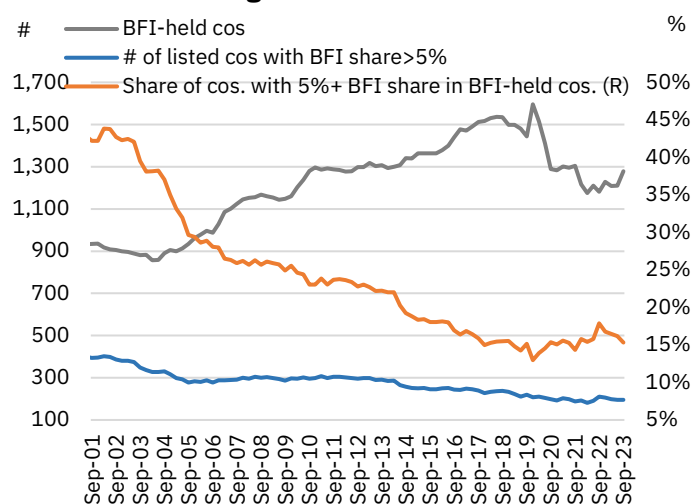
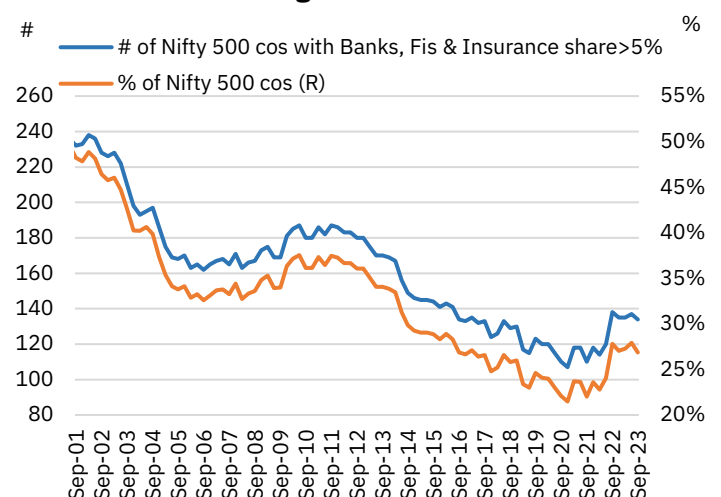
In line with foreign investors, DMFs also widened their investment pool by 100 odd companies in the September quarter to 1200. The number of companies where DMF hold more than 5%, however, has increased by a mere one-fourth of the incremental investment pool to 495 by September-end. This, however, has doubled from ~209 in March 2014, thanks to fresh capital infusion into such companies, partly funded through rising SIP inflows. The ratio of count of such companies to the total number of DMF-owned NSE listed companies dipped significantly this quarter as a result of the increase in companies held by DMFs, and now stands at 40.9%.

Figure 85: Number of listed cos with FII holding >5%

Figure 86: Number of Nifty500 cos with FII holding >5%


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 87: Number of listed cos with DMF holding >5%

Figure 88: Number of Nifty500 cos with DMF share >5%


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 89: Number of listed companies with Banks, FIs & Insurance holding >5%

Figure 90: Number of Nifty500 companies with Banks, FIs & Insurance holding >5%


Source: CMIE Prowess, NSE EPR. BFI = Banks, Financial Institutions, and Insurance Companies.

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